

# BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

MARCH 1948



Thomas B. McCabe,  
named by President  
Truman to head the  
Federal Reserve Board  
(see page 38)

Success  
story  
in  
**8**  
words:

You  
make  
the  
loans

We  
make  
them  
safe

Banks everywhere are screening loan applications carefully. They want to avoid every foreseeable credit risk. That's why bank loans based on our warehouse receipts are increasingly popular. Such loans are backed by actual inventory of the borrower—and back of our receipts are the experience and reputation of a nation-wide field warehousing company that has served more than 2500 banks and field warehoused more than 400 types of products.

When you make the loans—we'll make them safe.

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WAREHOUSE CORPORATION

*"The Bankers' Field Warehouse Company"*



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NEW YORK 4, N.Y., 50 Broad St.  
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CLEVELAND 14, Ohio, Union Commerce Bldg.  
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EASTON, Md., 438 South Street

LOS ANGELES 14, Calif., Garfield Bldg.  
MEMPHIS 3, Tenn., Porter Bldg.  
PHILADELPHIA 2, Pa., Girard Trust Bldg.  
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ROCHESTER 4, N.Y., Commerce Bldg.  
SAN FRANCISCO 4, Calif., 300 Montgomery St.  
SPRINGFIELD 3, Mass., 172 Chestnut St.

SPRINGFIELD, Mo., Holland Bldg.  
TAMPA 2, Fla., 416 Tampa St.  
EL PASO, Tex., First Nat'l Bank Bldg.  
HARTFORD 5, Conn., 945 Asylum Ave.  
KANSAS CITY, Mo., 1207 Grand Ave.  
JACKSONVILLE 1, Fla., 601 Florida Theater Bldg.  
PHOENIX, Ariz., 1516 Flower Circle North

# BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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PRESS ASSOCIATION

### THIS MONTH'S COVER

Thomas B. McCabe, head of Scott Paper Co. and chairman of the Federal Reserve Bank of Philadelphia, has been named by President Truman to the chairmanship of the Board of Governors of the Federal Reserve System. More about Mr. McCabe appears in "Washington," page 38

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# WARNING and GUIDANCE combined

La Monte Safety Paper has long served a dual purpose. It is a constant reminder to forgers of the folly of attempting to alter any check written on this product. And it is a dependable guide to bankers and businessmen who recognize the advantages of using a check paper which is the acknowledged leader in its field.

## *La Monte* SAFETY PAPER FOR CHECKS

GEORGE LAMONTE & SON, NUTLEY, NEW JERSEY



THE HEAVY LINES ® ARE A LA MONTE TRADE-MARK

### *A Check Paper All Your Own*

Thousands of banks and many of the larger corporations use La Monte Safety Papers with their own trade-mark design made in the paper itself. Such INDIVIDUALIZED check paper provides maximum protection against both alteration and counterfeiting—makes identification positive.





# Just a minute

## Keeping Credit Productive

BANKING reports this month on the progress of the banks' voluntary efforts to reduce inflation hazards by emphasizing loans that add to the supply of needed goods.

The nationwide anti-inflation program of the American Bankers Association has been carried across the country by President JOSEPH M. DODGE and other speakers who, at 13 "pilot" meetings, have explained its purposes to banking leaders, including state association officers. The latter are now seeing to it that the program percolates to the grassroots—that is, to every bank. Many of the state bankers' organizations have called special meetings to explain the program to their member institutions.

See "Keeping Credit Productive," page 33.

## What Are "Productive Loans"?

WHILE the pilot conferences were being held, BANKING sent its roving reporters on a visit to bankers in representative cities throughout the nation. Their assignment was to find out what kind of loans were considered productive and to get some specific examples.

The result of these interviews is a symposium which seems to bear out the contention of banking leaders that the banks have not been making inflationary loans and that they have realized their responsibility to the national economy.

If anyone's still in doubt as to what is meant by non-inflationary credit, maybe he can clarify his thinking by reading "Question: What Loans Are Productive?"

## Pay to the Order of the C.I.R.

So you write a check payable to the Collector of Internal Revenue in your district, and you drop it in the mailbox, and breathe a sigh of relief. . . . There, *that's* over!

Under the friendly auspices of the Post Office, the check reaches the Collector's office and is credited to your account with Uncle Sam. Then what happens to it? How do the proceeds find their way into the Treasury's spacious pocket?

BANKING thought the Odyssey of an income tax check would make a timely story, so we tracked down its progress through the smoothly operating banking machinery to its absorption in the vast reservoir of government income. Result: "The Receiving End of the Income Tax," page 46.

The rather intricate trail taken by tax payments is brightened with good pictures taken for BANKING at the Treasury and its right arm, the Bureau of Internal Revenue.

"That's not what I meant by keeping the lines straight!"



March 1948



The  
**PUBLIC  
NATIONAL  
BANK**  
*and Trust Company  
of New York*

37 BROAD ST., NEW YORK CITY

26 Offices  
Throughout Greater New York



## THE IMPORTANT FOOTNOTE

The balance sheet footnote "Appraised by The American Appraisal Company at \$ . . . ." tells management and the public the value of the tools of production.

The **AMERICAN  
APPRAISAL**  
Company

Over Fifty Years of Service  
OFFICES IN PRINCIPAL CITIES

—SPECIALISTS IN—

## United States Government Securities



## State and Municipal Bonds



### C. J. DEVINE & CO.

INC.

48 Wall Street, New York 5

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Chicago • Boston • Philadelphia • Pittsburgh • Cleveland  
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Direct Wires to all Offices

## FRONT ROW

We're in a front row position to give you and your customers timely information about New York State business. Through our affiliation with other Marine Midland banks we are in daily contact with local conditions in 47 New York State communities.

Member of Federal Deposit Insurance  
Corporation



## MARINE TRUST COMPANY

*Buffalo's Oldest and Largest Commercial Bank*



"Every day it's getting more difficult for me to refuse a loan"

### "New Look"

YES, that's a hackneyed phrase, and probably not quite accurate in this case, so we apply it apologetically to the 1947 bank statements that have been dressed up in typographical and pictorial finery, the better to attract readers and tell, in a new and interesting way, the old story of banking.

So many of the pamphlet reports appeared in this modern dress (color, photographs, charts, and readable text) that we devoted the March "Methods and Ideas" department to them.

The trend toward publishing annual reports that combine information, promotion and "reader interest" is not especially new; many businesses and banks have been doing so for many years. But the 1947 crop gave evidence that the practice is spreading. The obvious inference is that stockholders, customers and public have welcomed the break with the tradition that a bank report must be—well, conservative is putting it mildly.

Of particular significance is the desire of these banks to bring the account of their year's accomplishments to a wider audience than the immediate bank family. Thus these pamphlets are reports to the community; their public relations value has not been overlooked.

### Making Money

IF YOU'RE in a hurry to learn how it's done, in a big way (the biggest, in fact),  
(CONTINUED ON PAGE 6)

BANKING



## DISHONESTY RIDES AGAIN...

through large corporations...through small plants...  
through the vast commercial network of this nation.

You have only to follow the newspaper headlines to be forewarned of the loss risk facing business enterprises daily through the dishonesty of employees (and officers).

The F&D suggests that before your bank makes commercial loans, you take the precaution of checking the dishonesty coverage carried by your potential borrowers...just as you check their fire insurance.

The F&D agent in your community will be glad to show you, without obligation, how Blanket Fidelity Bonds will protect your commercial borrowers...thereby protecting you.



**FIDELITY AND DEPOSIT COMPANY**  
*Baltimore Maryland*

FIDELITY, SURETY AND BLANKET  
BONDS; BURGLARY AND OTHER  
NEEDED FORMS OF INSURANCE

WITH WHICH IS AFFILIATED THE AMERICAN BONDING COMPANY OF BALTIMORE





## Who Said: "No More Frontiers"?

There's room for business expansion and development in Canada—the kind of opportunity which the American West provided a century ago, but with a difference—Canada is equipped with great railroads, splendid highways, organized markets, modern facilities.

If any customers of your bank are considering extension into Canada or expansion of facilities there, you are invited to get in touch with us. With 540 branches across Canada we are in a position to be helpful to you.

*Monthly Commercial Letter mailed regularly upon request*

### THE CANADIAN BANK OF COMMERCE

Head Office: Toronto

540 Branches Across Canada

NEW YORK SEATTLE PORTLAND, ORE. SAN FRANCISCO LOS ANGELES

## • 10 years ago we set our sights on the future for "no-minimum-balance"

In 1938 we launched our national ThriftiCheck service to banks. It was a pre-tested no-minimum-balance plan, perfected after two years of research in the field.

We pioneered in the imprinted check idea. Right from the start our client banks were able to give their customers ThriftiChecks with their names imprinted, delivered at once, and with no extra charge.

ThriftiCheck service has always been based on prepayment for the checkbook—the plan supported by the ABA in their booklet, "Special Checking Accounts." ThriftiCheck is the plan that makes it practical to combine the sale of the book with immediate delivery of imprinted checks.

As a result, during the last ten years more and more banks, including many of the most important in the country, have installed the ThriftiCheck plan. A large number of these have been conversions from plans with other methods of charge.

### ThriftiCheck

will develop profitable account volume for your bank. Furthermore it brings new business for other departments, and builds goodwill in public relations.

The sound advantages of ThriftiCheck, with full details and supporting evidence, are given in our Brochure. We will be glad to send you one on request.

### BANKERS DEVELOPMENT CORPORATION

31 Nassau Street, New York 5, N. Y.

Rector 2-7580

### JUST A MINUTE — Continued



"Dear, I just remembered the two jokes for your state bankers' speech"

the information is yours on page 16.

There, with pictures, is an authentic story about some changes in the coin manufacturing process introduced by the United States Mint to expedite the mass production of "hard money."

For one thing, there's the "universal ingot" which can be turned into half dollars, quarters or dimes, thanks to an act of Congress permitting a wider tolerance of weights and fineness of coins. Also, the ingots are much larger than formerly, which means more blanks per ingot. The "striking" and "milling" processes have been improved, too, and so have the coinage presses. A wartime invention by two mint employees makes it possible to strike two coins simultaneously.

Our article, needless to say, is published with the approval of the mint authorities.

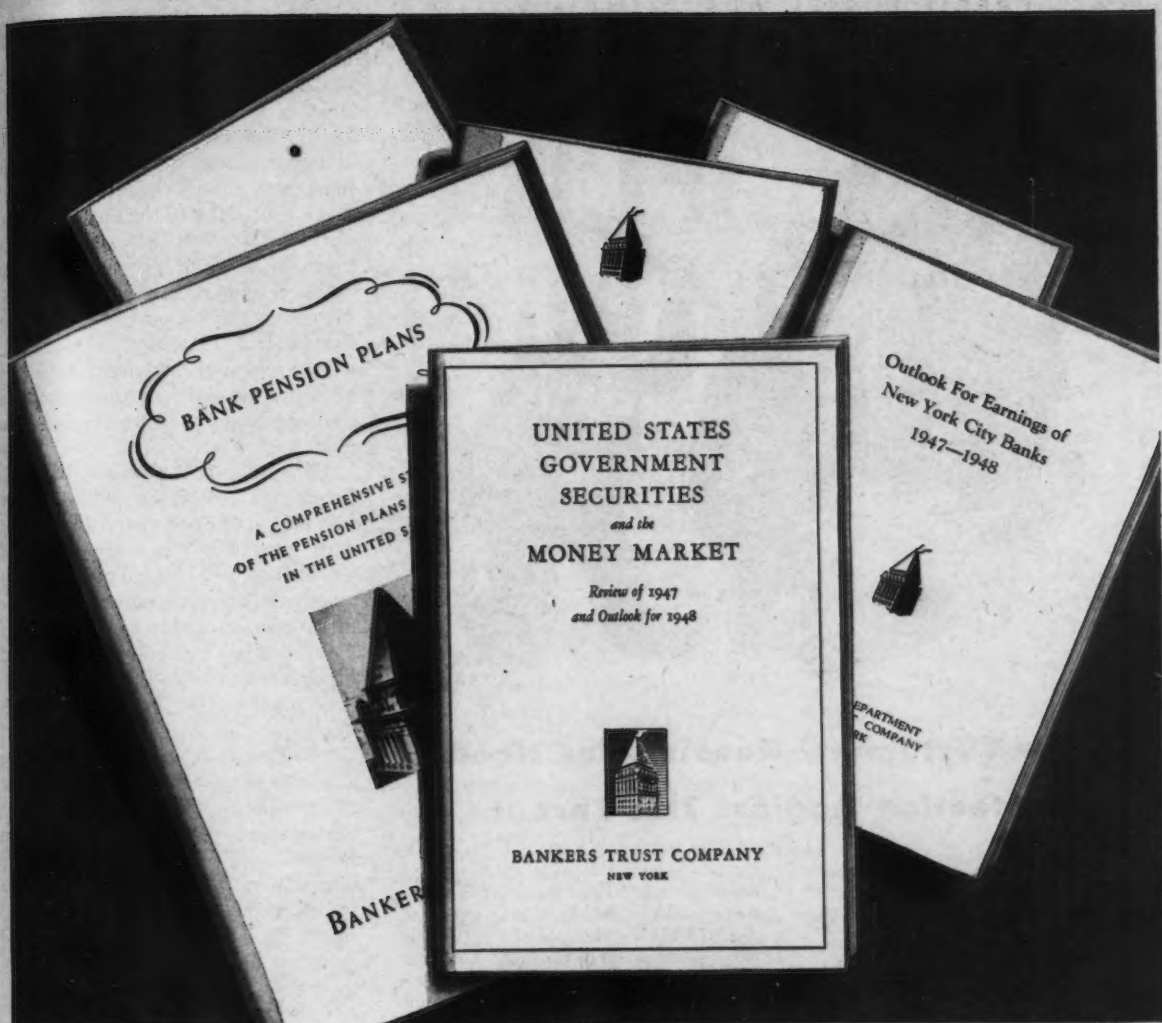
### Last Chapter

March 1, 1948, was the last day for filing claims against the Roti family of Melrose Park, Illinois—and thereby hangs a tale.

It centers around the determination of a bank's manager, FRANK ROTI, to pay back the money the depositors lost when his Western Savings Bank, Chicago, was forced to close soon after a holdup 33 years ago. But perhaps it's best told in a recent Chicago newspaper advertisement, signed "The Roti Family." Said the ad:

"If you wish to share in his voluntary  
(CONTINUED ON PAGE 8)





## How vital questions are answered at the Right Time

At Bankers Trust we often require answers to questions affecting the business community and banking in particular. To get answers to these questions we employ trained economists, analysts, and other research personnel.

Many times their findings are so generally significant that we publish them for distribution outside our own organization.

An example is the current review of *United States Government Securities and the Money Market*, including the outlook for 1948. In this instance, our Economics and Bond Departments worked together to get information

found valuable by bankers in all parts of the country. This is a part of our continuing study of money market and interest rate problems.

These reports are not published on any regular schedule, but rather at a time when the subject matter is of prime importance. Many bankers are familiar with *Bank Pension Plans*, a comprehensive study of the pension

practices of U. S. banks. *Outlook for Bank Earnings* is another publication which found wide interest among bankers.

If you feel your bank can profit from such studies, and does not currently receive them, write Banking Department, 16 Wall Street, N. Y. 15, for future publications in your field of interest.

### BANKERS TRUST COMPANY NEW YORK

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



## CREDIT LOSSES ARE CLIMBING



### Your Customers' Receivables Need Protection Against This Threat

**A RAPID CLIMB** in credit losses has placed your customers' receivables under an increasing threat. Don't let them overlook this danger!

**THEIR STATEMENTS** will show that a large percentage of their working capital is represented by accounts receivable. Sound business judgment warns that this important asset should be protected.

**MANUFACTURERS AND WHOLESALERS** in 150 lines of business have secured protection with American Credit Insurance . . . which **GUARANTEES PAYMENT** of accounts receivable for goods shipped . . . pays your customer when his customers can't. No insurance program designed to protect and conserve assets is complete without this coverage.

**SEND FOR NEW BOOK, "How To PLAN**

**CREDIT POLICY."** Written to help businessmen and their financial advisers solve credit problems, it also tells how the MINMAX Principle of Credit Control (accomplished through American Credit Insurance) permits accurate budget calculation . . . freedom from unexpected credit losses . . . prevents an excessive number of delinquent accounts.

**BOOK SHOWS WHY MANY BANKS** now advise customers to carry American Credit Insurance, and why some insist on this added protection in granting commercial loans. *The bank may now be included as a named assured without charge.* For your copy, phone the American Credit office in your city, or write today. Address: American Credit Indemnity Company of New York, Dept. 45, Baltimore 2, Maryland.

*J. F. Fadden*  
PRESIDENT



# American Credit Insurance

**GUARANTEES PAYMENT OF ACCOUNTS RECEIVABLE**

*Offices in Principal Cities of United States and Canada*

© 1948, Am. Credit Indemnity Co. of N.Y.

## JUST A MINUTE — Continued

payment of the losses of the depositors of the bankrupt Western Savings Bank of Chicago by Frank Roti, now Brother Francis Roti, P.S.S.C. of the Sacred Heart Seminary of Melrose Park, Illinois, who was its proprietor when the bank was closed on March 1, 1915, make your claim to the undersigned on or before March 1, 1948, to obtain payment if your claim is true and just."

The next paragraph stated that the Federal District Court of Chicago on December 4, 1916, had adjudged Roti a bankrupt and discharged him from all debts and claims in connection with the bank's closing. Then the advertisement went on:

"The Western Savings Bank on February 17, 1915, was robbed by men who held up the proprietor, Frank Roti, with guns and got away with cash amounting to \$2,200. The depositors, mostly Italian immigrants, were thrown into panic and made a run on the bank. To stop this Roti threw into the bank his own resources and money borrowed from relatives, but the bank was forced to close.

"Depositors accused Roti of staging a holdup to take the cash himself and the newspapers published stories which strengthened this suspicion. . . . But Roti, although the court had absolved him from all legal obligation for the bank's debts, waived his homestead rights, took a job as a butcher and promised his depositors he would pay them every dollar lost."

(CONTINUED ON PAGE 11)



"I should love to, Mr. Robinson, but my social schedule is frightfully heavy this season"

# FIELD WAREHOUSING

## Warehouse Receipt Loans Against Inventory

With the increase in the percentage of working capital in inventory, some of your customers may need accommodation in excess of your open-line limits. Our Field Warehouse Service . . . *demonstrably the most complete and economical available* . . . enables you to make safe Warehouse Receipt Loans against raw materials or finished articles stored right on your customer's own premises.



### OPERATING OFFICES

Royal Bldg., Albany 1, Ga. • Healey Bldg., Atlanta 3, Ga. • 60 State St., Boston 9, Mass.  
Rand Bldg., Buffalo 3, N. Y. • Liberty Life Bldg., Charlotte 2, N. C. • 120 So. LaSalle St.,  
Chicago 3, Ill. • 1314 Wood St., Dallas 1, Texas • National Bank Bldg., Detroit, Mich.  
Roosevelt Bldg., Indianapolis, Ind. • 121 W. Forsyth St., Jacksonville 2, Fla. • First  
Natl. Bank Bldg., Memphis 3, Tenn. • 16 South Broad St., Philadelphia 2, Pa. • Key-  
stone Bldg., Pittsburgh 22, Pa. • 8th & Locust Sts., St. Paul 1, Minn. • 222 Spring St.,  
Shreveport 69, La. • Hills Bldg., Syracuse 2, N. Y.

**New York Terminal Warehouse Company**  
25 SOUTH WILLIAM ST., NEW YORK 4, N. Y.



Public Space, Manhattan Savings Bank, New York City. Four continuous rows of L-I-N-O-L-I-T-E Series II, with four 40W lamps and louver bottoms (11-448L) are surface mounted on a 16 1/2 ft. acoustical tile ceiling. Rows are on 18 ft. centers to furnish 30 ft. candles maintained.

## Take advantage of a FRINK *PLAN-O-LITE*

... CUSTOM-DESIGNED TO GUARANTEE LIGHTING SATISFACTION

The list of firms that have used Frink's *PLAN-O-LITE* service reads like a blue book of American business. This convenient service is the sound guaranteed approach to securing custom-engineered lighting efficiency at reasonable *standard-fixture* cost.

Each Frink *PLAN-O-LITE* is an individual fluorescent lighting layout . . . supplied at no extra cost . . . designed to meet your exact illumi-

nation requirements . . . and *guaranteed* for complete satisfaction, if Frink specifications are followed.

Our sample packet of *PLAN-O-LITE* layouts and photos of resulting installations will prove interesting to anyone concerned with illumination problems. Send the coupon for yours today.

### CLIP THIS TO YOUR LETTERHEAD



THE FRINK CORPORATION  
27-01 Bridge Plaza North, L. I. C., N. Y.  
Without cost or obligation, send your sample  
packet of *PLAN-O-LITE* fluorescent layouts  
and photos to the

Attention of \_\_\_\_\_  
( ) also please send catalogue of  
new Frink fluorescent fixtures.

3-8

There's a Frink L-I-N-O-L-I-T-E fixture correctly engineered for every commercial fluorescent lighting need. Seventeen standard designs of highest quality workmanship and materials, each available with matching incandescent down-lights if desired. Check coupon at left for your copy of the Frink catalogue today.

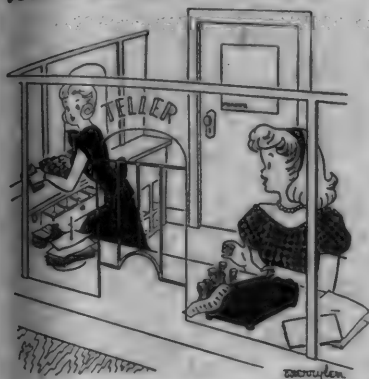


THE FRINK CORPORATION

27-01 BRIDGE PLAZA NORTH LONG ISLAND CITY, N. Y.



## JUST A MINUTE — Continued



"I don't know whatever made me think I was poor at arithmetic!"

When the bank's affairs were adjusted the result was a loss of \$19,865.57 to the depositors.

"Following the bankruptcy," continued the ad, "Roti lost his wife and his earnings were barely sufficient to support his six small children. Yet he began to pay the losses of the most needy depositors and from 1926 to 1946 he paid back several thousand dollars. Finally for Christmas 1946, as Brother Francis Roti, he repaid all of the remaining depositors he was able to contact. In this latest distribution he was assisted by his six children. Regarding the achievement of his purpose to repay his old depositors Brother Francis says: 'All this is due to the Providence of God—to Him all honor and glory.'"

By this time, newspapers had heard of Brother Francis' efforts and the story was extensively publicized by press and radio. And so . . .

"In view of this world-wide publicity and the payment of claims exceeding \$22,000, some of the neediest depositors having been paid more than their due, the Roti family feel that the depositors have been duly notified and now set a date beyond which no further claims will be considered. The undersigned therefore give notice that to share in this voluntary distribution (on which no one has any legal claim) any and all these remaining claims must be made known to the undersigned on or before March 1, 1948.

"The Roti Family, 1537 North 37th Avenue, Melrose Park, Illinois."

### A Good Square Meal

EVER wonder how a European feels when he gets an American food parcel? Here's one Britisher's thank you letter for a package sent him by a friend in this land of plenty:

March 1948



*Bobby got A's,  
Dad saw only "D's"*

Normally, Dad would have been proud of his son's excellent report card. But at the moment he was concerned with *Dishonesty, Disappearance and Destruction* losses suffered by his company. For recently there had been an embezzlement of a large sum of money; prior to that, destruction of valuable securities, and disappearance of a substantial amount of cash.

His company had a fidelity bond which covered the embezzlement loss. But since the company had only ordinary burglary and robbery insurance, the other two losses were not insured. Too late Dad learned that these other losses would also have been paid if he had simply obtained our 3-D (Dishonesty, Disappearance, Destruction) Policy!

These losses might never even have occurred, or at least might have been greatly reduced by our usual Loss Prevention Service, which is offered with our 3-D Policy. This service, developed during our 64 years' experience, is designed to eliminate or minimize loss.

With crime increasing and losses piling up, you need this protection now more than ever. Why not ask one of our agents or your own broker about this remarkably protective 3-D Policy?



AMERICAN SURETY COMPANY  
NEW YORK CASUALTY COMPANY

Affiliate: SURETY FIRE INSURANCE COMPANY

"Dependable as America"

100 Broadway, New York 6, N. Y.

# COLOMBIA

## Presents Extensive Opportunities

Colombia, among the leading countries of South America in trade with the United States, will offer increasing opportunities in the years ahead for travel, export and import trade, and development of new or expansion of existing local industries.

Increasing numbers of forward-looking banks and business organizations in the United States are establishing correspondent relations in Latin America, notably with Colombia. Many of them are taking advantage of the exceptional and complete banking facilities provided by this 35-year-old institution.

With 25 offices in all commercially important parts of the country, trade information is quickly gathered and forwarded to you. Special departments for handling collections and letters of credit.

Inquiries cordially invited.

## BANCO COMERCIAL ANTIOQUEÑO

Established 1912

Cable address for all offices—Bancoquia

Capital paid-up: \$8,184,937.—Pesos Colombian

Reserves: \$8,938,693.—Pesos Colombian

General Manager: Antonio Derka

Head Office: MEDELLIN, COLOMBIA, SOUTH AMERICA

BRANCHES: Anserma (V), Armenia, Barrancabermeja, Barranquilla,

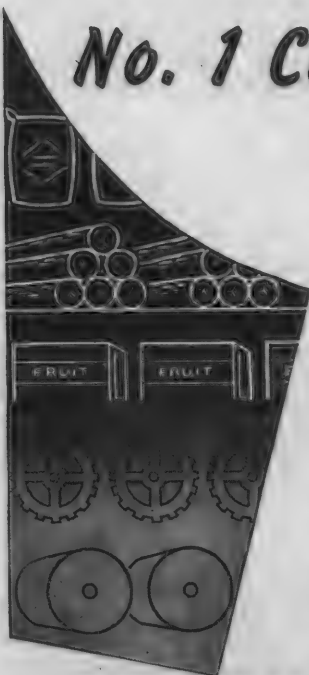
BOGOTA, Bucaramanga, Cali, Cartagena, Cariaco, Cucuta, Girardot,

Magangué, Manizales, Montería, Neiva, Pasto, Pereira, Puerto

Berrio, San Gil, San Marcos, Santa Marta, Sincelejo, Socorro, Vélez.

New York Representative—Henry Ludeke, 40 Exchange Place, New York 5, N. Y.

## No. 1 Customer



Americans and Canadians are good neighbours... good customers too. In fact, each is the other's number one customer and the accident of geography, plus other factors, make inevitable an ever-increasing volume of trade between the two countries. The Royal Bank of Canada desires to further this natural trend and to work with American banks in fostering mutually profitable business and trade. Enquiries invited.

HEAD OFFICE — MONTREAL

New York Agency —  
68 William St., New York 5, N. Y.

## THE ROYAL BANK OF CANADA

ASSETS EXCEED \$2,000,000,000

JUST A MINUTE — Continued



"Bucky is depositing his allowance"

"When I arrived home my wife had the contents displayed on a side table, and it sure was a gladsome sight. Really, I feel at a loss to express in adequate fashion our thanks for the gift. We shall now be able to enjoy that something which is so missed by people over here.

"As a pleasure shared gives increased enjoyment, we shall at odd times invite one or two friends 'round to partake of your hospitality.

"Whilst no one in this country is starving or even goes hungry in the general meaning of the word, there are times when one feels somewhat empty and yearns for a good square meal. At present the basic foods are scarcer than at any time during the war, particularly fats, meat, bacon, bread and potatoes. The concocting of meals is a major headache for any housewife.

"My wife does her best, but often we have to be vegetarians by force of circumstance. Thus we fill up with bulk, but after an hour or so we feel ready for another feed.

(CONTINUED ON PAGE 14)



"We appreciate your efforts to curb inflation, Miss Barrish, but cancelling every other invoice is not the proper procedure!"

BANKING



## **"INVESTMENTS PROTECTED"** by Better Air Conditioning

Your financial interest in hotels, stores, restaurants and office buildings calls for a careful consideration of Better Air Conditioning.

Survey after survey has indicated the income-building advantages of air conditioning systems that adequately cool, dehumidify, circulate, filter, and ventilate the air for all types of business.

You can get such a system when you insist on General Electric equipment... installed to General Electric standards.

In your own bank, too, General Electric Better Air Conditioning can mean more comfort to clients and depositors... greater efficiency from employees... easier cleaning.

We suggest you discuss the profit building possibilities of air conditioning with an expert in the field—your local General Electric dealer or contractor. *General Electric Company, Air Conditioning Department, Section A8353, Bloomfield, New Jersey.*

**GENERAL  ELECTRIC**  
*Better Air Conditioning*

**DIRECT** means  
**DIRECT**



**...when you route  
your California items  
through Bank of America**

With Bank of America as your California correspondent, items for Stockton or Eureka are sent by you direct to this bank's branches in those cities. So, too, with items to any of more than 300 California communities where this bank has branches. One account with either the Los Angeles or San Francisco office of Bank of America makes this California-wide *direct* timesaving service available.

**Bank of America**

NATIONAL TRUST AND SAVINGS ASSOCIATION

California's Statewide Bank

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION  
MEMBER FEDERAL RESERVE SYSTEM

Bank of America Travelers Cheques are known  
the world over. Sell them to your customer.



JUST A MINUTE — Continued



"All those calendars the bank bought? Oh, I sent them back—the stupid things had put 29 days in February"

"To dine out is not much better, and furthermore is quite expensive. A few days ago I had lunch at a leading hotel, limited by law to three courses, and what miserable portions were served! Without exaggeration I could have eaten double and then not been full.

"American hospitality is renowned, and in my opinion rightly so. Two English people will long remember it with gratitude."

**Here and There in Banking**

**T**HE Mid-Winter Trust Conference, held in New York early each February, is a high spot in the American Bankers Association year. **BANKING's** report on the 1948 meeting, largely pictorial, is on pages 98 and 99.

For more than 20 years **AARON ALEXANDER** has been a bank architect. For the benefit of **BANKING's** readers he took his drawing board and sharp pencil and produced some suggestions for a practical, modern counterscreen, installable in either a new building or a remodelled one. Also, he jotted down a commentary on bank architecture, with special reference to the screen and its functions.

This month's "Heard Along Main Street" is largely a record of bank personnel promotions made at the 1948 annual meetings. Sorry we didn't have room for more names!

**Afterthought**

• **Caesar:** The Ides of March are come. **Soothsayer:** Ay, Caesar, but not gone. (Question: With or without tax cut?)

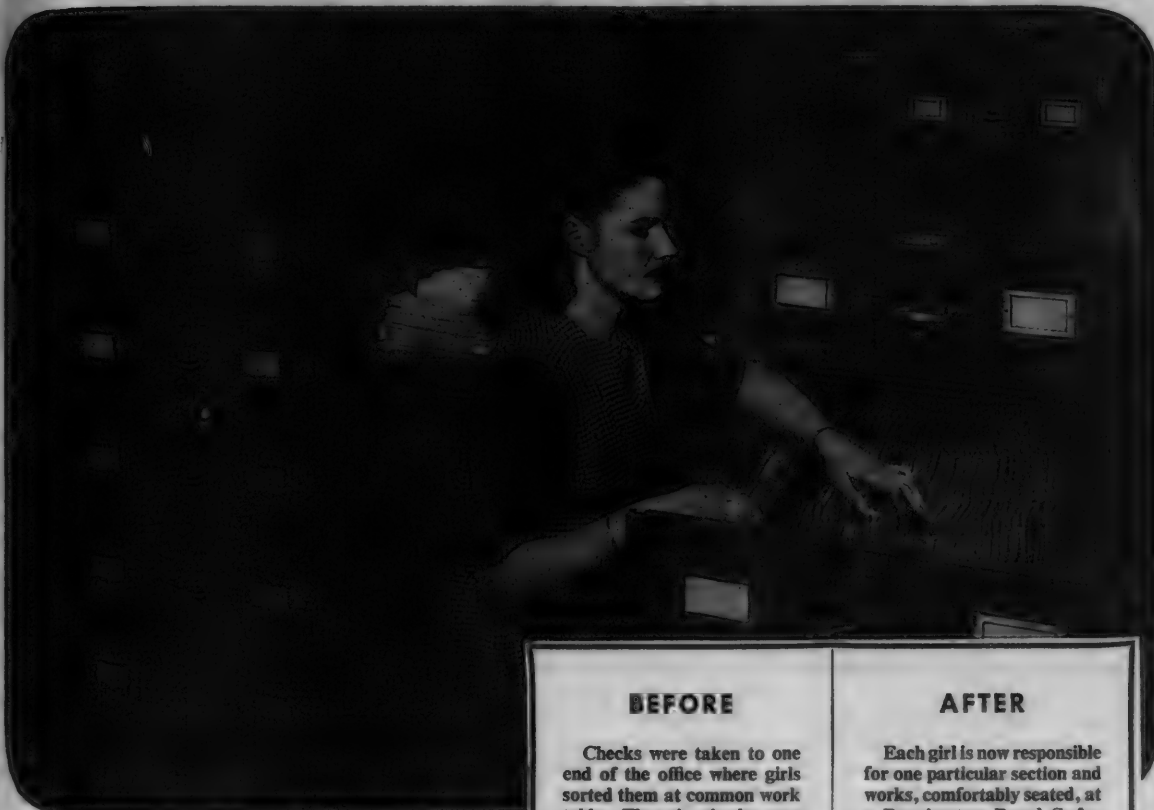
**JOHN L. COOLEY**

**BANKING**



# HOW SIMPLIFIED CHECK FILING OPERATIONS SAVE WORK

## at THE NATIONAL CITY BANK OF NEW YORK



*Increased accomplishment gives each girl new pride in her work.*

By simple comparison, you can see how The National City Bank of New York cuts out needless work and gets better results in the bargain. Problems in supervision and efficiency in the handling of over 1,000,000 checks a month in the Check and Statement Division for Head Office Departments have been solved by the installation of Remington Rand Safe-Check-Files.

*Remington Rand Safe-Check-Files afford maximum use of check storage space and working space in addition to providing certified protection against fire 24 hours a day at point of use.*



### BEFORE

Checks were taken to one end of the office where girls sorted them at common work tables. Then the checks were filed in ordinary vertical filing cabinets. (disadvantages: crowding, loss of time, confusion caused by checks being accidentally scattered around, and difficulty of supervision.)

At the end of the month, it was necessary, because of lack of adequate work space, to truck the file drawers to the mailroom to insert checks and statements in envelopes for mailing. Thus the mail room routine, too, was interrupted . . . a still further loss of valuable working time.

### AFTER

Each girl is now responsible for one particular section and works, comfortably seated, at a Remington Rand Safe-Check-File, which has its own handy work surface. Checks are efficiently filed at each such compact station immediately after sorting.

At statement mailing time, envelopes are brought to each section and each girl prepares her assigned group of statements and checks for mailing.

This is a typical example of how progressive banks today can handle an increasing volume of business more easily, more efficiently and without a proportionate increase in clerical costs. Remington Rand offers complete, streamlined procedures tailored to your requirements, and backed by installation service that assures top results. For further information, phone the nearest Remington Rand office or write: Systems Division 315 Fourth Avenue, New York 10.

**Remington Rand**

# How the Mint Makes Change

*New Processes Turned Out  
'46 Tons of Coins Daily  
During the War*



Blanks being "upset"

**M**ORE coins have been produced in the last 15 years by our United States mints than in all their previous 155 years of coinage activity. Wartime production of finished coins reached a peak of 46 tons daily.

The conversion of vast amounts of metal into finished coins, in recent years, has necessarily brought about revolutionary changes in mint production methods.

The first step involved in the manufacture of coin is the alloying of metals. "Melts" are made up of prescribed alloy and are placed in large crucibles. The melting now takes place in large electric furnaces, replacing old type gas furnaces which are not only costly to operate but are also, in comparison, much slower. An electric furnace will melt 50 percent more metal and operate considerably faster than a gas furnace.

The molten metal is poured into ingots designed for the denomination of

coin to be minted. From time immemorial it has been the practice to ladle the molten metal by hand into small molds of various sizes. However, the Congress has recently given the mint authority to have a wider tolerance of weights and finenesses of coins, thus enabling the mint to cast what is known as a "universal ingot"—an ingot that can be used either in the manufacture of one-half dollars, quarters or dimes. The small, cumbersome molds common throughout the mints of the world, are now being discarded, and mechanical pouring is done into large molds by means of a new device recently developed by mint technicians.

In the past, the small, thin ingots have been rolled through a mill over and over until they have been considerably elongated and reduced to the thickness of a coin. The universal silver ingot will weigh 185 troy ounces, as compared to 45 ounces, the weight of the old type silver ingot. By use of a larger ingot,

considerable saving is effected through increased output of blanks per ingot, and less scrap is left to remelt.

The old-time cent bronze ingot weighing five pounds is now being replaced by a 400-pound ingot. Two mills to roll these large ingots into strips, believed to be the largest rolls used by any mint in the world, are now being installed at the Denver Mint. They will mechanically roll a five-foot ingot into a strip 186 feet long and 12 inches wide. As part of this equipment, mint technicians have also adopted a device which will automatically slit the strip into any width desired. Obviously, a strip 186 feet long is difficult to handle because of space limitations. By means of a coiling device, the strip is rolled into a coil as it comes from the rolling mill. The strip will be automatically uncoiled as it is fed into a machine which strikes the blanks.

Blanks are fed into a special furnace which anneals or softens them, prepara-

Strips being fed into press which punches out the blanks



Coinage press





Silver coins being weighed automatically

tory to the "upsetting" and actual striking of the coin. Annealing and cleaning rooms are being revamped to turn out, under this process, 8,000 pounds of blanks per hour, as compared with 3,000 pounds previously.

Annealed blanks are run through an "upsetting machine", which puts the milled (or rounded) edge on the coins. An improved automatic feeding device makes it possible to handle twice as many blanks, in the same length of time, as heretofore.

The power to drive the first coinage press used in the mint was supplied by workmen and, later, by horses. In 1835 the mint proudly announced the adoption of steam power.

As significant as the introduction of steam into the mint is a new device, recently invented by two mint employees. This device, attached to fast speed coinage presses, makes it possible to strike two coins simultaneously. It was only by means of this invention, developed during the war, that the mint was able to produce the billions of

coins required for domestic use as well as for other friendly governments throughout the world. All efforts to strike two coins simultaneously had previously failed.

The substitute 5-cent piece was composed of an alloy of silver, copper and manganese. Considerable experimentation was necessary before this alloy was determined upon to develop a coin which would operate in coin vending machines, since these machines are set to operate on the principle of a specified electrical resistance. As the "silver" nickels come back into the mints, unfit for further circulation, they are separated, by a sensitive magnetic device, from other nickels with composition of 75 percent copper and 25 nickel.

Changes in mint structures have facilitated the installation of modern protective devices and vaults. In addition, improved electric precipitator systems make possible a high recovery of fine gold and silver particles from smoke and waste gasses.

Legislation in the monetary field, beginning in 1933, and the resulting purchases of monetary metal have increased the Treasury holdings of gold from around \$3 billion to over \$22 billion, a large part of which has been put through the melting pots as well as the electrolytic refining processes in the mint and assay offices. At times the New York Assay Office has received, daily, 100 tons of gold from foreign governments, as well as from the public. Into the melting pots have gone many interesting articles—treasures of the past generation, such as a life-size statue of Maude Adams which netted to the depositor approximately \$68,000.

Silver holdings—purchases from foreign governments as well as the newly-mined domestic production of this country—have increased from around \$500,000 in 1933 to over \$2 billion.



Coins being "selected" or reviewed, prior to counting and bagging

# BANQUE DE BRUXELLES



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to offer quality, conservation*

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All you have to do is install the proved Fas-Cash System. You'll increase the speed and accuracy of your check cashing service . . . actually do more work better and in less time!

You see, this system—developed by a banker—cuts check-cashing time in half . . . doubles your check-cashing capacity. No need to count and prove money every time it's paid out! The Fas-Cash System enables your tellers to cash up to 500 checks an hour!

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With the Fas-Cash System your tellers can give your customers quicker, more accurate service. It helps save time, reduce counting errors and build a real service reputation for your bank.

Plan now to avoid the worry of "Saturday Closing" by installing the popular Fas-Cash System. Mail coupon today!

**FREE!** Send for your free copy of illustrated folder. Explains how and why the Fas-Cash System will save you money.

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SHE was a young and very pretty girl—eyes big and brown and hair blonde and wavy. As she came into the vice-president's office, her limp was almost imperceptible. There was illness in the family up-state; she wanted to send money for hospital bills, but she had none. Could she make a loan at the bank, she asked, her voice trembling a little.

The matter of collateral for the \$200 she wanted was broached. Drawing off her glove, she held up her left hand, on which was a pretty diamond engagement ring. "I could give this for security," she said, reluctantly. The vice-president murmured a few words about its being against the policy of the bank to lend money on personal jewelry.



Visibly she braced herself. "Perhaps you noticed that I am lame," she said. "I have just been able to secure a new artificial limb. Some years ago I was in an accident and amputation was necessary. It took me a long, long time to save up for the limb, and it is such a wonderful help, after I had used crutches for so long.

"But now my mother is very ill and needs this money for hospital care, and I am willing to let the bank have it for collateral. Then you will know that I am going to pay off the loan, no matter what happens, because every time I swing along on my crutches, I will think how much I want that collateral back!" Tears stood in her eyes, but she was courageously businesslike and earnest.

The vice-president was so upset he could hardly reply. It was the strangest

proposition that had ever come to his desk.

He began to ask the girl about the possible endorsements of friends. After a while she thought of someone she felt she could ask to go on the note with her, and the loan was made. By \$5 and \$10 payments it was retired. A brave and generous girl was able to help her family; and the fortunate man who had placed the diamond ring on her finger is now her husband.

\* \* \*



It's unusual to achieve good bank credit at the age of 12, but our bank has a customer with this unique record. At the age of 11, this farmer's son—we'll call him "Jack"—became very much interested in the cattle on his father's farm. At meetings of his Future Farmers Chapter, he learned of the profits to be made from raising pure-bred cattle.

He had just a little bit of money and he came into the bank to see if he could borrow enough more to purchase a Jersey heifer calf, with his father endorsing the note. The loan was made and under Jack's careful, affectionate care the calf, which he named "Annie," grew to big and beautiful maturity. Exhibited at state and county cattle shows, she won blue ribbons and prize money for her young owner. Proudly Jack brought the money to the bank, insisted on seeing the very officer from whom he had secured the loan, and paid off in a most businesslike manner. Annie was now all his own. In our bank's credit files, Jack has an A-1 rating, and it is probable that Annie's progeny will assist some day in putting him through college.

BELLE S. HAMILTON



DON ANDERSON  
BANKING





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*A Bank for a Bank*

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Will you call on us?

**THE PHILADELPHIA NATIONAL BANK**

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MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



# North of the Border

## Dominion's Fiscal Position Is Improved

**T**HE Dominion Government is much better off financially than could reasonably have been expected when it made up its budget for the current fiscal year. For the first nine months of the year—April to December—revenues were slightly over \$2 billion, almost exactly the same as in the corresponding period of the previous fiscal year. Expenditures, however, declined considerably, to less than \$1½ billion and the surplus of over \$600 million was nearly double that for the April-December term of 1946. Revenues for the last three months of the current fiscal year are not expected, however, to continue on the same scale, because, for one reason, of the cancellation of the excess profits tax from January 1. Expenditures have in the past usually exceeded revenues in the last quarter of the government's year. Moreover, some unforeseen expenditures may arise in the next month or two. Accordingly, the surplus may be cut down considerably, but it seems certain that last year's surplus of \$370 million will at least be equalled and probably exceeded.

### Some Taxes May Drop

In either event, the government would be able to make a substantial cut in certain taxes. There is opposition in some circles to any further cut in personal income taxes, but there is widespread feeling that sales and excise taxes should be lowered, or cancelled entirely, to ease the burden on family budgets, which have become quite swollen as the result of spiralling prices and living costs in the past year. Reducing or removing such taxes is regarded as a more effective way of relief than the government's own measure of setting up a price-spreads commission to inquire into the reasons for the marked upturn in commodity prices and to seek out business men (they were in the minority) who took undue advantage of the situation and raised their mark-ups.

Price controls have been reinstituted on certain foodstuffs—meats, butter, canned goods and a few fresh vegetables—while import controls have been eased so as to permit of a somewhat larger influx of American fresh vegetables and fruits than was first intended when the government undertook about

three months ago to limit most imports from the United States.

Various effects of these import controls are now being seen, some favorable and others unfavorable. A saving of about \$50 million in American exchange was effected in lower imports during the latter part of December and the first half of January before, it might be noted, all import bans and quotas were in operation. Some of these restrictive measures will not, in fact, come into effect until March 1. A further improvement in the exchange situation is indicated by the greater interest by United States importers in Canadian products. On the unfavorable side are lay-offs of workers in some industries largely dependent upon American materials and the consequent slight down-turn since the first of the current year in industrial production. Further industrial recession is expected as many manufacturers work off accumulated supplies of American materials.

### Facts for the Record

In view of some rather sensational reports as to the effect on American business of the Canadian import restrictions it might be of interest to repeat a few facts which have appeared in previous issues of this publication. Canada's imports from the United States in 1947 were just over \$2 billion, an abnormally large amount, which under ordinary

conditions might not again be recorded for years to come. A substantial part of these imports was to meet the industrial equipment needs of Canada and for the construction of new homes, factories and other buildings, all involving expenditures in Canada during 1947 of about \$2 billion. It is estimated that about one-third of the required materials for such a large overall investment program was of American origin, and the buying of these on last year's scale was as abnormal as the investments themselves. Industrial expansion had already begun to slacken last Autumn, and the building boom later in 1947. So requirements for American machinery and building materials were lessened accordingly.

**T**HESE facts are recounted, not to gloss over the difficulties that Canada faces in readjusting her exchange position with the United States, which are both many and diverse, but in an effort to keep the record straight. If the import restrictions are fully effective they will cut Canada's purchases from the United States by 25 percent, to about \$1½ billion. The loss of \$500 million could not possibly be a heavy blow to American export trade, and Canada would still be a big—perhaps the biggest—outside market for the United States.

The efforts to increase exports of Canadian products to the United States, particularly those which might relieve or overcome some of the most acute shortages south of the border, are in a fair way to being accomplished. Taking wood pulp and paper as outstanding examples (these are Canada's major exports to the United States) production is now running at an annual rate of 7¾ million tons, about 10 percent above that of a year ago, and some further increase may be expected throughout the next eight or 10 months. Practically all of the current and prospective increase is destined for the United States, which will not only meet some of the unsatisfied demands for these essential products in the American market but will also add quite a considerable amount of new American dollars to Canada's exchange funds. Two metallic minerals, copper and nickel, also are available in larger quantities than a year ago, production of both being about 20 percent

(CONTINUED ON PAGE 22)



"Why just last week Daddy said he wouldn't take a million dollars for our house!"



**CLYDE A. BLANCHARD, President**

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(CONTINUED FROM PAGE 20)

above that at this time in 1947, with leeway for a further increase if sufficient labor, partly displaced persons from Europe, can be obtained. Gold mining is on a slightly higher scale this year, but has a long way to go before it gets back to its prewar position.

### Export Hurdles

Efforts to increase exports of general manufactures to the United States present real problems, however, and probably cannot meet with any worthwhile success for some time. The domestic market for these is by no means oversupplied, and the costs in many instances are higher than those for comparable goods in the United States, while, of course, competition in the American market is stiffer than it is for products such as pulp and paper. However, discussions have taken place between executives of American companies and representatives of their branch plants in Canada, on one side, and gov-

ernment officials on the other, with a view to rearranging inter-company business in such a way as to permit the Canadian establishments to draw less upon their parent organizations and at the same time ship more of their own production both to the United States and to other markets, such as Latin America.

Recent American commodity price movements have been of more than usual interest to Canada. Not only has the latter country felt the effects of the big increase in the cost of imports from the United States, but it now is anxiously awaiting further price movements, as these may foreshadow changes in its own price structure. It would be a welcome relief if American price inflation could be checked or reversed, and the greatest relief would be to the Dominion Government, which has been engaged in a strenuous political battle with the opposition parties, as well as with large sections of the public, over the recent marked increases in living costs.

### President Dodge Resigns As Marshall Aid

**T**HE pressure of other responsibilities led Joseph M. Dodge, president of the American Bankers Association and of The Detroit Bank, to resign the post of Deputy to Secretary of State George C. Marshall for the Austrian Treaty. In accepting his resignation, Secretary Marshall praised Mr. Dodge's work and recalled that he had consented last May to do this important work for a limited period and said that he realized that the prolonged negotiations in Vienna and London had made it difficult for him to carry on his other responsibilities.

Secretary Marshall's letter continues:

"I am confident that as a result of your unstinted effort during the past eight months a better basis exists for the understanding of the problem of the Austrian treaty and for a possible settlement at some future time. The careful analysis you made of the controversial question of German assets in Austria will facilitate future negotiations.

"I share your view that the conclusion of a treaty which assures the Austrian people their independence and the free exercise of their sovereign rights will contribute to the restoration of peace and stability in Europe. . . . Despite the obstacles which have been encountered, we shall continue to seek the basis of a settlement in accordance with our undertaking to restore Austrian independence and to enable the Austrian people to find political and economic security. The suggestions contained in your letter will prove most helpful in this connection.

"May I take this opportunity to express my appreciation of the services you have so generously contributed, and the pleasure with which I recall our personal association in this work."



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In a larger bank, separate National Multiple-Duty Accounting Machines may be assigned to handle one, or more, of these specific jobs. The functional flexibility of these National Multiple-Duty Accounting Machines permits them to handle any shifting overloads promptly *as they occur*, and they are kept busy every hour of the banking day.

National Multiple-Duty Accounting Machines speed production and reduce errors—as do any of the many other National machines and systems expressly designed for bank work. Call your local National representative. Or, write to The National Cash Register Company, Dayton 9, Ohio. Sales and Service Offices in over 400 cities.



THE NATIONAL CASH REGISTER COMPANY

# HEARD ALONG MAIN STREET

## Woollen Board Chairman

CHANGES in the top executive positions of the Fletcher Trust Company, Indianapolis, have brought EVANS WOOLLEN, JR., former president, to the board chairmanship; WILLIAM B. SCHILTGES, former first vice-president, to the presidency; and LELAND CRAWFORD, former vice-president, to the first vice-presidency.

Mr. WOOLLEN, who is vice-president of the American Bankers Association, succeeds the late HUGH MC K. LANDON, who had been chairman of the trust company since the death of Mr. WOOLLEN's father, organizer of the bank. The new chairman had been president since 1935. He joined the staff in 1920.

Mr. SCHILTGES has been with Fletcher Trust and its predecessors for 40 years. He is a member of the Subcommittee on Agricultural Credits of the A.B.A. Federal Legislation Committee.

Mr. CRAWFORD, long identified with the bank, is on the board of governors of Indianapolis Chapter, American Institute of Banking.

## Guaranty Trust of New York

W. PALEN CONWAY has retired as chairman of the executive committee of Guaranty Trust Company of New York after nearly 37 years with the bank. He continues as a director and a member of the committee.

Mr. CONWAY became associated with the Guaranty in 1911, was made a vice-president in 1916 and president in 1934. He was board chairman from 1941 to 1944 when he became vice-chairman of the executive committee. Two years later he was elected chairman.

## C. T. Jaffray Honored

CLIVE T. JAFFRAY, a director of the First National Bank of Minneapolis, was honored at a luncheon given by his bank colleagues on the



Mr. Woollen



Mr. Lamont

53rd anniversary of his association with the First.

He joined the staff as cashier in 1895 and three years later was made a director, and subsequently became president, resigning to accept the presidency of the Soo Line Railway. He was chairman of the road's board for several years and is still a director. In 1924 Mr. JAFFRAY was made chairman of the Agricultural Credit Corporation, organized to meet banking problems arising from the agricultural depression of that time.

## Thomas W. Lamont

THOMAS W. LAMONT, whose career led him from an impoverished boyhood to great prominence in the financial world and to the chairmanship of J. P. Morgan & Company, Inc., died February 2 at his winter home in Boca Grande, Florida, at the age of 77.

Born in Claverack, New York, a little Hudson Valley town where his father was a Methodist minister, Mr. LAMONT worked his way through Phillips Exeter Academy and Harvard and then took a job on the old New York *Tribune* where he did mostly financial assignments.

When Bankers Trust Company was organized in 1903, Henry P. Davidson, then with New York First National Bank and one of Mr. LAMONT's neighbors in Englewood, New Jersey, was instrumental in getting him the secretary-treashership of the new bank. Two years later he became a vice-

president, resigning in 1908 to join the First National staff. Soon afterward Mr. Davidson moved to the Morgan bank and Mr. LAMONT followed him in 1911.

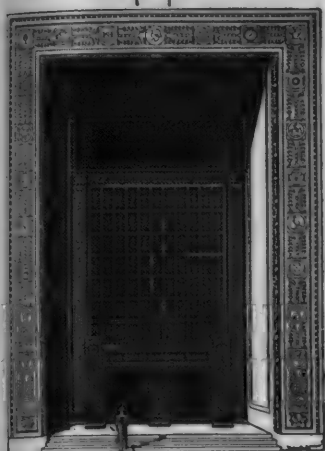
J. P. Morgan & Company became an incorporated bank and trust company in 1940 and Mr. LAMONT was made chairman of the executive committee. At the death of the younger J. P. Morgan in 1940 he succeeded to the chairmanship of the board.

Mr. LAMONT was closely identified with the arrangements for extending American financial aid to France and Great Britain during World War I. At the end of the war he was on the American peace delegation, and subsequently made many trips abroad, helping to set up the Dawes Plan for German reparations and working on Chinese, Japanese and Austrian financial problems, as well as those of Mexico, Spain and other countries.

Among his varied interests, Mr. LAMONT always retained a liking for  
(CONTINUED ON PAGE 26)

Long-time employees of the American National Bank & Trust Co., Danville, Va., inspect gifts from the staff. Left to right, Vice-president and cashier W. H. Carter (32 years); President W. R. Harrison (25 years); Elizabeth Turner, teller (25 years); J. A. Robertson, teller (30 years). The men received watches, Miss Turner a silver platter





# *The Study and Analysis of Banks' Investment Portfolios*

A timely service extended to correspondents by the Chase is the study and analysis of a bank's portfolio of U. S. Government and other securities.

Specific recommendations are made based upon the bank's overall investment position and particular requirements.

The experienced staff and specialized facilities long maintained by the Chase for reviewing investments have proved valuable to banks throughout the country.

Advice and information on investments is only one of the many helpful services that Chase offers to its correspondents.

*Among other services to correspondent banks are:*

- Issuance of commercial and travelers' letters of credit**
- Complete facilities for the safekeeping of securities**
- Collection of checks, drafts and other bank documents**
- Transmission of funds abroad and shipment of currency**
- Information on credit standing of firms and individuals**
- Participation in local loans when desired by correspondents**
- Performing a wide range of incidental services**

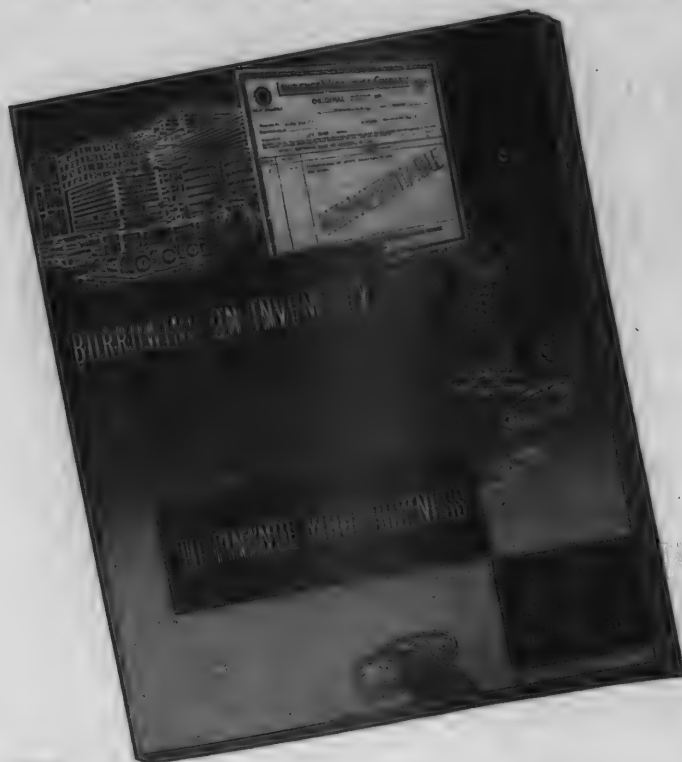
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Manila, P. I.

(CONTINUED FROM PAGE 24)

journalism and many New York financial writers have heard him say, with a smile: "You know, I was once a newspaper man myself." At one time he was owner of the *New York Evening Post* and subsequently was publisher of the *Saturday Review of Literature*.

He made substantial gifts to Harvard, one of \$500,000 for establishment of the Lamont chair in political economy, another of \$1,500,000 for an undergraduate library, and \$5 million in his will. He also gave liberally to Phillips Exeter.

He occasionally wrote for publication and in 1946 Harper & Brothers published his book, "My Boyhood in a Parsonage."

### Edgar McBride

EDGAR McBRIDE, president of the Commercial National Bank of Blue Hills, Nebraska, and a member of the Executive Council of the American Bankers Association, died this winter after a long illness. He was 55 years old.

He was a member of the Subcommittee on Agricultural Credit of the A.B.A. Federal Legislative Committee and was state chairman of the Federal Legislative Council. He served as president of the Nebraska Bankers Association in 1944.

Mayor of Blue Hill for about 25 years, Mr. McBRIDE was responsible for the town's having a municipally owned water supply system and sewage disposal plant. He was long active in the Democratic Party and headed its Congressional Committee in Blue Hill.

WALTER KASTEN, president of the First Wisconsin National Bank, Milwaukee, is now in his 51st year as a banker. He started his banking career at the age of 16 with a job as messenger for the old Wisconsin National. When that bank and the First National of Milwaukee merged in 1919 he became

Mr. Kasten, left; Walter Geist, president of Allis-Chalmers; and Harold Seaman, both directors of the bank, at a dinner honoring the president





executive vice-president, filling that position until elected to the presidency in 1924.

GEORGE W. SPINNEY, 59, president of the Bank of Montreal, died of a heart attack on February 1. He was chairman of Canada's War Finance Committee from 1942 to 1946 and headed the Dominion's first four Victory Loan campaigns. He became president of the bank in 1942 after serving several years as general manager. B. C. GARDNER, formerly executive vice-president, has been named president.

CARL W. FENNINGER, a vice-president of the Provident Trust Company of Philadelphia for nearly 24 years and a former president of the A.B.A. Trust Division, has been elected to the bank's board. Mr. FENNINGER is a trustee of the Association's Educational Foundation in Economics and a member of the Trust Division Committee on Trust Policy and of the Subcommittee on Social Security Committee of the Federal Legislation Committee. He has also served as chairman of the Committee on Common Trust Funds.

WILLIAM C. CONNETT, executive vice-president of the First National Bank in St. Louis, is the new president of the St. Louis Clearing House Association, succeeding WILLIAM J. BRAMMAN, executive vice-president of the Mississippi Valley Trust Company. HAROLD T. JOLLEY, president of the Boatmen's National Bank, has been elected vice-president of the clearing-house.

CLIFF WOOD, formerly vice-president and head of the correspondent bank department of the First National Bank of Memphis, has joined the staff of the Republic National Bank of Dallas as a vice-president.

Miss MABEL THOMPSON, director of the service department of the Union Dime Savings Bank, New York, has been elected an assistant secretary of the bank. She is a member of the Personal Money Management Committee. A.B.A. Savings Division.

Miss Thompson

Mr. Wood



March 1948



ONLY the ruddy, weathered complexion, the far away look of eyes accustomed to distance, the unhurried pace of a man who won't be hurried spots the farmer from his city cousin.

In his basic thinking, his conversation, his home, his car, his clothes, he is as cosmopolitan as any urban dweller.

Fundamentally, farm mechanization has made this change . . . provided the leisure and the means to read newspapers, magazines, and the latest books . . . to listen to the radio . . . to drive to town for his pleasure as well as his buying.

Only by looking backward can we see this progress.

As recently as 20 years ago, 86 hours of man labor were needed to produce 100 bushels of wheat. Modern machines have cut this to less than 50 . . . cut to 7 the number of hours needed to grow an

acre of corn . . . to 4 hours, an acre of soy beans — less than half the labor of twenty years ago.

For almost a hundred years Massey-Harris has been contributing to this farm modernization, making farm life easier, better, more prosperous. The beginning was the ox-drawn mower in 1847. Today, it's the great line of easier-to-handle tractors; faster-operating, more efficient plows, planters, cultivators, mowers; grain and labor saving Self-Propelled combines; task-lightening Self-Propelled corn pickers; a forage harvester that cuts, chops, and loads silage in a single operation.

Ask your Massey-Harris dealer for a copy of the 1948 Buyers' Guide which describes in detail the many Massey-Harris tools that are helping to meet this challenge of change. Or write for a copy direct to Massey-Harris Company, Racine, Wisconsin, Dept. 170

*Make it a Massey-Harris*



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Michigan Collections

For  
Foreign Collections

For  
Corporate Trust Work  
In Michigan

MANUFACTURERS NATIONAL BANK  
OF DETROIT

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Mr. Thomas



Mr. Given

FRED W. THOMAS, formerly vice-president, has been elected president of the First National Bank of Omaha, succeeding T. L. DAVIS, now chairman of the board.

WAITMAN C. GIVEN, formerly vice-president of Central National Bank of Cleveland, has been elected president of The First Huntington (West Virginia) National Bank.

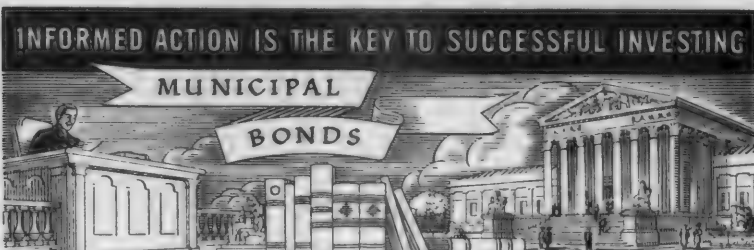
GEORGE GUND, president of The Cleveland Trust Company, has been elected president of the Cleveland Clearing House Association, succeeding JOHN K. THOMPSON, president of the Union Bank of Commerce. S. B. CONGDON, president of the National City Bank, is vice-president.

H. L. AUSTIN has resigned as trust officer of the Old National Bank, Evansville, Indiana, to accept a similar position with the Security Trust Company of Lexington, Kentucky. He is succeeded on the Old's staff by MELBURN G. BERGES, formerly assistant trust officer of that bank.

A. T. HIBBARD, president of the Union Bank and Trust Company, Helena, Montana, which recently celebrated its 50th anniversary, has found time not only to operate the bank and a livestock ranch, but to work for the American Bankers Association and the Montana Bankers Association. He was state chairman for War Bond sales during all but one of the drives and under his leadership Montana was the first to finish in nearly every campaign. It was also in the top bracket on the basis of per capita sales.

J. S. CURRAN, vice-president of Anglo California National Bank of San Francisco, has been elected to the directorate of the Far East-America Council of Commerce and Industry, Inc.

H. R. GREGORY, president of the National Bank of Decatur, Illinois, since 1931, has retired because of ill health. His place has been taken by S. J. BRADFELD.



## Safety Bulwarked by Law

### REPRESENTATIVE OFFERINGS:

Atlanta, Georgia  
Various Purposes, 1½% Bonds

State of California  
2% Veterans' Bonds

Harrisburg, Pennsylvania  
1¼% Sewer Improvement Bonds

State of Illinois  
1½ & 1¾% Service Recognition Bonds

Lynn, Massachusetts  
1¾% City Hall Bonds

Seattle, Washington  
2% Light & Power Refunding Bonds

Wausau, Wisconsin  
1¾% School Building Bonds

Their record of security and soundness under the varied conditions of several decades amply supports the enviable position of American municipal bonds in today's investment markets.

But if further bolstering were required, it would be found in the legal safeguards which surround these obligations of states, counties, communities and taxing districts. Through the years, strong legal controls have been developed until the modern investor in municipal bonds has his rights more clearly defined and his position more firmly protected than ever before in history.

Not only our own thorough investigation but the opinion of recognized legal counsel enters into the purchase by Halsey, Stuart & Co. Inc. of municipals for reoffering to investors.

Write without obligation for our latest municipal offering list.

**HALSEY, STUART & CO. INC.**

SAMUEL C. WAUGH, former president of the A.B.A. Trust Division, is now president of the First Trust Company of Lincoln, Nebraska. Promoted from the executive vice-presidency, Mr. WAUGH replaces GEORGE W. HOLMES who has been made chairman of the board.

NOBLE D. TRAVIS has been appointed vice-president in charge of advertising and public relations at the Detroit Trust Company. The bank's annual awards program, for outstanding annual reports by Michigan companies, is under his supervision.

EDWARD N. HAY, for 14 years personnel officer of The Pennsylvania Company for Banking and Trusts, Philadelphia, has resigned to devote his full time to consultation work. He will continue his connection with the bank as advisor on personnel matters. Mr. HAY is president of Edward N. Hay & Associates, management and personnel consultants, organized in 1943.

### Elections

*Guaranty Trust Company of New York:* ROBERT W. STEPHENS, vice-president.

*Anglo California National Bank, San Francisco:* J. P. NATHAN, cashier; JOSEPH F. HOGAN, IRVING MANNING, MILTON D. REDFORD, vice-presidents.

*First National Bank of Arizona, Phoenix:* E. N. HOLGATE, GEORGE V. CHRISTIE, vice-presidents.

*Poudre Valley National Bank, Fort Collins, Colo.:* FRED W. STOVER, board chairman; H. N. BALES, president.

*Lincoln Rochester (N. Y.) Trust Company:* WARREN W. ALLEN, LELAND D. JUDD, vice-presidents.

*Ridgewood (N. J.) Savings Bank:* WALTER J. HESS, vice-president.

*First National Bank & Trust Company, Oklahoma City:* OSCAR MONRAD, vice-president.

*First National Bank, Dallas:* R. E. QUISENBERRY, vice-president.

*Chase National Bank, New York:* ALBERT J. EGGER, vice-president and cashier.

*Denver National Bank:* ROBERT H. SHEPLER, vice-president and cashier;

Mr. Shepler

Mr. Egger



March 1948



## BANK OF MONTREAL

ESTABLISHED 1817

Provides *American Correspondent Banks* with modern, experienced service —the outcome of over 125 years' successful operation.

### Our Historical Firsts

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- First to establish Branch Banking in Canada
- First bank in the capital of Lower Canada
- First bank in the capital of Upper Canada
- First permanent bank west of the Great Lakes
- First institution to provide Canada with a domestic currency (both bills and coinage)
- First bank to assist in financing foreign trade of Canada
- First banker for the Government of Canada

Inquiries regarding correspondent relationships and our facilities may be addressed to any of our American offices or to the Head Office.

NEW YORK: 64 Wall Street CHICAGO: 27 South LaSalle St.  
SAN FRANCISCO: 333 California St.

HEAD OFFICE—MONTREAL

Branches throughout Canada and Newfoundland  
ASSETS TOTAL OVER \$1,700,000,000

## CALL IN A SPECIALIST

In almost every field the specialist is called in for consultation whenever a tough question poses itself. If the specialist has earned his rating he can make a real contribution, but if he is one of those self-appointed characters he just confuses the issue.

We are bank check specialists, having earned our rating over a period of thirty-two years, and in our field the need for consultation is becoming more apparent. Because we make nothing but bank checks, and because we have been so close to the checking system for so many years, we find ourselves more and more in consultation on complex questions which, until recently, would not have been raised at all.

For years the production and distribution of bank checks presented no problem to either banks or printers.

We would run a million checks, bind them up, pack them in cases and ship them to the bank. The bank in turn would unpack the checks, put them in the stockroom, and pass them out over the counter as customers needed them. Nothing to it!

But now checks are imprinted for the individual and, instead of one order for a million checks, we have five thousand orders and consequently complications can set in unless bank and check printer get together and work out a streamlined procedure. So, whether you have a thousand orders . . . or five thousand . . . or a hundred thousand . . . let's get together! Call in a specialist.



Manufacturing Plants at:

NEW YORK, CLEVELAND, CHICAGO, KANSAS CITY, ST. PAUL



## STATEMENT • DECEMBER 31, 1947

### ASSETS

Cash in Banks and Office	\$10,135,249.76
Bonds	17,400,870.00
Preferred Stocks	8,666,950.00
Stocks of Affiliated Insurance Companies	12,988,633.00
Common Stocks	23,658,733.00
Agents' and Premium Balances	4,483,953.66
(not over three months due)	
Other Admitted Assets	1,687,064.58
<b>TOTAL ADMITTED ASSETS</b>	<b>\$79,021,454.00</b>

### LIABILITIES

Reserve for Unearned Premiums	\$30,553,817.50
Reserve for Losses and Loss Expenses	7,270,675.00
Reserve for Dividends	487,500.00
Reserve for all Other Liabilities	2,877,156.48
Capital Stock	\$ 8,150,000.00
Surplus	29,682,305.02

<b>POLICYHOLDERS' SURPLUS</b>	<b>37,832,305.02</b>
	<b>\$79,021,454.00</b>

Securities carried at \$1,859,612.00 in the above statement are deposited as required by law.

The securities carried in the above statement have been valued on the basis prescribed by the National Association of Insurance Commissioners; i.e., bonds which are amply secured and not in default are carried at amortized values; other bonds are carried at December 1, 1947 market quotations. Stocks are carried at December 1, 1947 market quotations, except shares of insurance companies and subsidiaries which are carried at the book values indicated by the statements of such companies.

Based on December 31, 1947 market quotations for all bonds and stocks owned (except shares of insurance companies and subsidiaries), the total admitted assets would be increased to \$80,006,278.00 and the policyholders' surplus to \$38,817,129.02.

### DIRECTORS

DANIEL R. ACKERMAN, New York City  
Chairman of the Board, Great American Insurance Co.

\*EARL D. BABST, New York City  
Chairman of the Board, American Sugar Refining Co.

\*H. DONALD CAMPBELL, New York City  
Chairman Trust Committee, Board of Directors, Chase National Bank of New York

\*ARTHUR O. CHOATE, New York City  
Clark, Dodge & Co.

\*LOUIS W. DOMMERICH, New York City  
L. F. Dommerich & Co., Commission Merchants

JOHN C. EVANS, New York City  
President, Great American Insurance Co.

\*PERCY H. JOHNSTON, New York City  
Chairman of the Executive Committee, Chemical Bank & Trust Co.

\*WILLIAM H. KOOP, New York City  
Chairman of Executive Committee, Great American Insurance Co.

JESSE S. PHILLIPS, New York City  
Vice-President, Great American Insurance Co. Formerly Superintendent of Insurance of New York

GEORGE A. SLOAN, New York City  
Industrial Executive

HOWARD C. SMITH, New York City  
Estate Trustee

MAURICE J. SULLIVAN, New York City  
Chairman of the Board, American Can Co.

ERNEST B. TRACY, New York City

ROY B. WHITE, Baltimore  
President, The Baltimore & Ohio Railroad Co.

GARRARD B. WINSTON, New York City  
Shearman & Sterling & Wright, Attorneys

\* Member of Executive Committee.

The Great American Insurance Company and its affiliated companies of the Great American Group write practically all forms of insurance except Life

AGENTS THROUGHOUT THE UNITED STATES



Mr. Bailey



Mr. Ganser

FRED B. KRANICH, HAROLD MCBRIDE, vice-presidents; H. E. PARKS, vice-president and trust officer; J. A. NYBERG, trust officer; R. G. VAN DERVORT, vice-president and investments manager; WARREN K. YOUNG, comptroller.

*First National Bank, Memphis:* WRIGHT W. BAILEY, vice-president.

*Mercantile-Commerce Bank and Trust Company, St. Louis:* JOSEPH C. GANSER, Jr., cashier and treasurer.

*First National Bank, Houston:* E. M. REED, LOUIS LETZERICH, vice-presidents; LEON H. THOMAS, vice-president and trust officer; J. C. FARIS, DAVID PEDEN, trust officers.

*Empire City Savings Bank, New York City:* GEORGE L. BUTLER, secretary.

*United States National Bank, Omaha:* EDWARD W. LYMAN, vice-president.

*Bank of Berkeley, Berkeley, Cal.:* RICHARD E. JOHNSTON, president.

*Manufacturers National Bank, Troy, N. Y.:* HAROLD M. J. LEWIS, HENRY B. VAN DENBURGH, vice-presidents.

*Hibernia National Bank, New Orleans:* JAMES A. STOUSE, vice-president.

*Walker Bank & Trust Company, Salt Lake City:* J. J. KELLY, REED E. HOLT, O. K. CARLSON, FRED E. PIKE, vice-presidents; J. B. CHRISTENSON, cashier.

*Citizens National Trust & Savings Bank, Los Angeles:* B. A. STEEN, S. W. BUGBEE, vice-presidents.

*Farmers & Merchants National Bank, Los Angeles:* R. C. LEMMON, vice-president.

*Maryland Trust Company, Baltimore:* THOMAS E. MCCONNELL, HARRY C. SCHNEPPE, JOHN C. G. BOYCE, B. J. DARNEILLE, vice-presidents.

*Cleveland Trust Company:* E. B. ROBERTS, vice-president.

*First National Bank, Orlando, Fla.:* O. H. EATON, vice-president; FRANK W. REED, J. S. KIRTON, trust officers.

Mr. Roberts

Mr. Eaton



BANKING



# WORLD'S LARGEST *Thermopane* REG. U.S. PAT. OFF. INSTALLATION

John Hancock Mutual Life Building being glazed with 16,205 L-O-F Glass Insulating units for greater comfort, clearer vision. Architects and engineers for Boston's newest skyscraper chose *Thermopane* for all windows because it is the most modern glazing material available.

Providing year-round insulation, *Thermopane* is composed of two or more panes of glass, separated by a hermetically sealed air space. Its advantages include: more accurate and economic control of air conditioning equipment... reduced heat loss through glass... minimization of roomside condensation with controlled humidity and temperature... reduced sound transmission... and, of course, greater comfort. Because of *Thermopane's* metal-to-glass seal, dirt and moisture cannot enter the air space.

*Thermopane* is available through L-O-F Glass Distributors. Over 60 standard sizes facilitate its use in the windows of both new and old buildings.

Complete information available upon request. Libbey-Owens-Ford Glass Company, 2438 Nicholas Building, Toledo 3, Ohio.

● Every window opening in the 26-story, completely air-conditioned John Hancock Mutual Life Insurance Building in Boston is being glazed with *Thermopane* to provide maximum air conditioning efficiency. Architects: Cram & Ferguson, Boston. General Contractor: Turner Construction Co. Glass furnished by Boston Plate & Window Glass Co.



**LIBBEY • OWENS • FORD**

*a Great Name in* **GLASS**

ONLY LIBBEY-OWENS-FORD MAKES *Thermopane*



# Van Cortlandt House

*Bouwerie in the Bronx*



Portrait of Augustus Van Cortlandt, memorial to great-great-great-grandson who was killed in World War II



ONE day while General Washington was driving a sulky through the rain, a little girl spied the great man. "His uniform was covered by a greatcoat and his powdered hair was protected by a bandanna handkerchief bound around his head under his cocked hat." Evidently, the General was anxious to avoid meeting the Van Cortlandt ladies that evening with a water-soaked uniform and a face streaked with powder.

Washington's destination was the home of the distinguished Van Cortlandt family. The house, built in 1748 by Frederick Van Cortlandt, is still standing today within New York City's limits in a park bearing its name. Originally, however, it was a country estate—or bouwerie, as the Dutch termed it—a long journey distant from the city.



City records buried with this chest escaped detection by British

With no towns nearby, the Van Cortlandt establishment, like a southern plantation, had to be wholly self-sufficient, producing all food for the family and numerous servants. To provide clothing, sheep were raised and flax was grown, while masons and woodworkers

were employed for construction and upkeep. When war broke out, sharply divided neighborhood allegiance led to many skirmishes on this once peaceful estate. Moreover, both armies made repeated forays there and for a time the house was General Howe's headquarters. Later, to mislead the British into believing the



One of eight existing secretaries by John Goddard, noted cabinet maker

Americans were still nearby, a fire was kindled on Vault Hill, the family burial ground.

The Van Cortlandt family occupied the house until its purchase by New York City in 1889. Through the generosity of the Society of

Colonial Dames of the State of New York, an average of 50,000 people annually visit this 200-year-old bouwerie in New York City's Bronx County.

The Home, through its agents and brokers, is America's leading insurance protector of American Homes and the Homes of American Industry.

☆ **THE HOME** ☆  
*Insurance Company*  
NEW YORK  
FIRE • AUTOMOBILE • MARINE INSURANCE



President Dodge speaking at the pilot meeting in Chicago, with, seated, left to right, William G. F. Price, Vice-president Woollen and Deputy Manager French. (See February *BANKING*, pages 33-46)

## Keeping Credit Productive

FOR the past several years we have had to meet continuing proposals to establish new government controls over bank credit and investments," said Joseph M. Dodge, president of the American Bankers Association, speaking before banker groups in various parts of the nation. "That danger will continue to exist unless the bankers of the country prove that voluntary credit control will work."

Will it work? That question is in the process of being answered by the banks in their nationwide effort to help defeat inflation by emphasizing "productive loans"—loans that add to the supply of goods.

The Association, working with the state bankers associations, has suggested that the banks concentrate on loans intended for non-inflationary purposes. It has prepared a program which places on the banks themselves the responsibility for keeping credit out of channels where it would carry injury to the economy.

This program, broadly outlined at 13 "pilot" meetings conducted by the A.B.A. throughout the country, is now percolating to the grassroots of banking—that is, the individual banks—thanks to the good offices of the state bankers associations.

These organizations, at conferences of their own members, are stressing the principles of wise lending during an inflationary period—principles already being applied by many banks but made much more effective by the coordinated action that is the goal of the present program.

For this series of state meetings the American Bankers Association has made available extensive educational material: talks by the prominent bankers who spoke at the pilot meetings; newspaper advertisements that tell the

public the facts about inflation and the banks' efforts to check it, and emphasize the need for productivity; pamphlets summarizing sound, wise lending policy; a suggested basic plan for carrying on the fight in the banks' trade areas. Kits containing these and other aids are provided by the A.B.A. for distribution to bankers attending the state meetings or similar conferences sponsored by regional clearing-house associations.

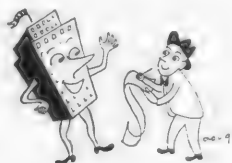
**S**PEAKING at the A.B.A. Mid-Winter Trust Conference in New York last month, President Dodge said that the "only way to retain a maximum of our personal and business freedom is to recognize more of our national responsibilities and assume these ourselves."

"These principles," he continued, "have been formalized in this American Bankers Association anti-inflation program. Every banker and every bank director has a responsibility to help meet these problems by being willing to act in tune with the requirements of the business and the economy which extend beyond the mere operation of an individual bank for profit. Many banks have already adopted these principles and have already taken appropriate anti-inflation action. What is now needed is a coordinated action on the part of all banks, directed at the same problem."

The extent to which banks are assuming the responsibilities suggested by Mr. Dodge is indicated in the interviews *BANKING* obtained with bankers in various sections of the United States. These men were asked for examples of productive loans their banks had made in recent months. Their replies are published in the article that starts on the following page.

# Question:

BANKING interviewed a group of leading bankers in important areas throughout the country, asking the question above. We have melted the answers down and present them here as a symposium which was, in effect, written by the bankers themselves. It shows, in the main, that the American Bankers Association's current program to ward off inflation is really a reflection of policies which many banks had already been following for several months.



## ...specific examples

### VIRGINIA

**L**OANS which increase the production of consumer goods, get them to the market place and satisfy demand, are anti-inflationary. The degree to which the supply of goods in short supply is expanded decreases the inflationary rise in prices caused by the demand for them.

During the last several months, banks have made many anti-inflationary loans. In one instance, we have loaned a small cannery \$7,000 to buy cans with which to can the tomato crop in its area and move it to market. Without this loan, it is improbable that the tomatoes produced would have reached the market.

In another instance, we have loaned a large food manufacturing company \$250,000 to process and ship goods to ultimate consumers, thus supplying a market with a substantial and continuing amount of consumer goods in a period when the lack of them would have further aggravated rising prices.

In conjunction with correspondent banks, we have made loans to local fisheries in the Chesapeake area enabling them to prepare, ship and can their oysters and fish during the season.

We have loaned a local steel company \$50,000 to procure critical items of construction material to meet the requirements of the local manufacturers and thus preclude recourse to black market steel.

In another instance, we have financed a Virginia wood-working plant to purchase and fabricate wood sorely needed for construction of homes in this area at this time. We have financed hundreds of moderately priced homes for workers in this area to relieve the shortage of dwelling units which tend to keep the cost of living insofar as housing accommodations are concerned from further increase due to unsatisfied demand.

We have loaned substantial amounts to clothing manufacturers for the production of men's suits and children's garments, and undoubtedly, the total amount of financing done in this area in which we have participated has tended

to bring about some decrease in the cost of the final product for the user.

Here are other examples of productive loans actually made:

A \$600,000 loan to a leaf tobacco dealer to enable the marketing and processing of raw tobacco for the purpose of supplying tobacco to tobacco manufacturers.

Loans totaling \$500,000 to a meat packer for the production of pork products.

Loans totaling \$550,000 to a peanut miller to buy and process peanuts for re-sale to peanut product manufacturers.

A \$400,000 loan to a fertilizer manufacturer to aid in the production of fertilizer for crop-growing purposes.

Loans of \$519,000 to a corporation for the purpose of constructing residential dwellings which are in short supply in the Richmond area.

To building contractors for the construction of low-cost and medium-priced houses for veterans and low income groups to relieve housing shortage.

To meat processors for the acquisition of raw materials to increase meat supplies.

To fertilizer manufacturers for the purpose of supplying plant food for farm products thereby increasing food production.

To textile mills for the fabrication of cloth to increase the supply of soft goods available for consumption.

To fabricators of steel and iron products for acquisition of raw materials to increase the production of essential hard goods now in short supply.

To farmers for acquisition of needed farm implements.

\* \* \*

## ...the worst of inflation is over

### GEORGIA

**I**NCREASED production is the clue to solving the nation's inflation puzzle. Food is the nub of it all. If food prices are brought down, other prices will follow in the same pattern. People can always get along for a little longer with that old pair of shoes or with that old suit, but they've got to eat every day. The only thing to do is to increase farmers' output.

The standard of living in the United States is now higher than ever before and increased production is the only way to keep it that high.

This bank's policy is that loans to farmers for agricultural equipment, loans to textile plants to increase the amount of cotton goods and loans to tanners to produce more shoes are combatting inflation. Loans of this type are being made readily.

Most of the inflationary spiral has spent itself. The recent break in the grain market is a good indication that prices will level off without a crash.

Loans to companies in the food and cotton industries are

BANKING



# “What Loans Are Productive?”

being made, but not loans that are of a speculative nature.

Some of the loans made to companies are hard to classify. One cannot always determine whether the loans are of a speculative nature or of a business promotional type. It is often difficult to refuse an old customer, for he'll just walk across the street to another bank with his request and get the money.

This bank does not consider loans to merchants to buy goods from a manufacturer as the speculative type as a rule. This type of a loan promotes business and in turn more production. And that's what we need to curb inflation.

The worst of the inflationary trend has ended. There will not be a sudden crash or anything comparable to what happened in 1929. The so-called leveling off will put prices and wages approximately where we were in 1942.

\* \* \*

## ...but not for a grandstand

### MASSACHUSETTS

EXAMPLES of credit for production, which would increase the supply of goods and services, food and fuel, or working capital loans to lumber operators and manufacturers, to makers of stoves, textile machinery parts and fabricators of metal goods of various kinds.

Realizing that production is of little use without adequate means of distribution, we also have aided in the financing of railroad equipment and highways.

We extended credit to banks in Aroostook County, Maine, helping them finance the potato crop.

But we recently turned down a loan, the proceeds of which were to be used for the construction of a grandstand at an amusement park. Such a loan clearly would not increase the supply of goods in scarce supply and, in our opinion, was a project which could well wait until the housing shortage was less acute.

On a loan application for the purpose of carrying meat in a commercial freezer, we agreed to extend credit only to the extent of the meat company's normal seasonal operations, and declined to finance an additional amount the borrower wanted to purchase solely for an anticipated increase in price.

\* \* \*

## ...lower costs of production

### OHIO

A LOAN which results in lower costs per unit of production is anti-inflationary. The proceeds of such loans could be for the replacement of old or inferior machinery with new or better machines, for plant improvements, or for any other purpose which would reduce unit cost.

However, if it merely meant an expansion of capacity without a reduction in unit costs it would have little effect either way so far as inflation is concerned.

The added production would require more wage payments, since more employees, or at least more man-hours, would be needed. The result would be larger production accompanied by larger purchasing power through increased wage payments.

Any loan, secured or unsecured, which aids directly or indirectly in the production of goods or in the distribution of goods is anti-inflationary in character, provided the manufacturer or distributor intends to have the goods enter the normal channels of trade and does not intend to hold them as a backlog of inventory over and above normal requirements for higher prices at a later date.

Examples of loans we have made in recent months for the production of goods in short supply are those to a clothing manufacturer, a mop maker and a manufacturer of electrical instruments—all for the purpose of buying necessary raw materials.

\* \* \*

## ...a lower plateau for prices

### TEXAS

THE current inflationary tendency in our economy is well recognized, and various steps are being taken not only to check this tendency but to reverse it in order to push prices back again to a lower plateau.

The most effective way to bring supply in alignment with the current demand for all kinds of goods is to increase production of consumer goods, and this bank has for some time past given loan preference to suppliers of capital goods, raw products and to those directly engaged in the manufacture of finished articles.

In this market and among the bank's customers are part manufacturers making products for assembly by national concerns and thus adding to the processing of finished goods of all kinds to meet the consumers' demand.

Agriculture is still one of the greatest industries in Texas, and while both farmers and livestock men have improved their economic standing during the past years, seasonal financing of their operations is still a task for banks, and loans made for these purposes tend to increase production of such goods as are especially scarce at this time.

The lumber industry is also of considerable importance in



Texas, ranging all the way from raw products to finished goods, going into housing, furniture and other channels. Among this bank's customers are people engaged in all the stages of lumber use and production, and the bank is aiding them financially in order to increase the supply of this much needed material.

One of the largest industries in the state, of course, is oil, and America is as much dependent on petroleum and oil as on any other product. The oil industry is a large user of credit, and this bank has lately considered oil loans as being most essential to curb inflation.

The movement of cotton into channels of production, after it leaves the hands of the farmer, is another type of financing broadly engaged in by Texas banks. With several cotton merchants among its customers, this bank's loans on cotton run to sizeable figures.

In summary, banks regard as productive or anti-inflationary loans such types as will increase the production of capital goods as well as finished articles, agricultural and livestock loans, and, for this section of the country, loans on lumber and its products, oil and petroleum, cotton and similar foods, the production of which will tend to bring about a greater supply to meet the current demand of the consumer, thereby checking present inflationary tendencies.

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## ...an immediate impact on production

PENNSYLVANIA

**N**EARLY every borrower attempts to seek justification of his loan as a productive one which will release new supplies of scarce commodities on a demanding market. But more often, the loan, if made, would cause a further drain on already short supplies of other commodities and labor which would be affected adversely, and the credit would thereby defeat its stated purpose.

Nothing is gained in meeting inflationary tendencies by feeding money into the market for loans that do not have an immediate impact upon the production of goods or services that are in short supply. Any loan that would take materials out of the present market to be held for deferred uses would be a non-productive loan.

Loans made to purchase additional plant and production facilities in excess of depreciation and obsolescence may be considered as contributing to inflation.

Consumer loans and personal loans without sufficient down payment or provisions for quick repayment are inflationary.

They should be made only for short periods of time and with sizeable down payments, especially where it is evident that the sought after purchases may be of definitely inflated value.

Consumer and personal loans made for goods and services which are in short supply are inflationary; insofar as the borrower does not make a substantial down payment and arrange to repay the balance in a relatively short period of time.

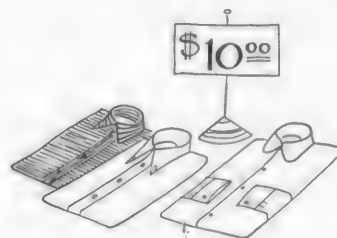
In the real estate field, only loans for relatively low cost housing are non-inflationary. Mortgage loans to support transactions in inflated values of real estate are inflationary; so are commodity loans made under similar conditions.

## ...not \$10 for a shirt

MISSOURI

**A** LOAN to be of the productive type should be one that is made for the purpose of producing material or merchandise in quantities sufficient to meet demand, and to manufacture products under conditions that would enable them to be sold at a price that would assure their moving into the channels of the users' market.

It stands to reason that if a man has two shirts on the counter for every shirt he can sell, he is not charging \$10 to \$12 for a shirt. If he has two automobiles on the floor for every automobile he can sell, the price is not \$2,500 to \$3,000.



In other words, merchandise—necessary and essential merchandise—flowing through the regular channels, manufactured or produced at a cost and priced at a profit reasonable enough to enable it to be placed on the market within the means of those who will be the ultimate users, should be in sufficient quantity to stop hoarding. Priced right, a loan to do this is the type and kind of loan which would be anti-inflationary.

If all production were increased, with machinery and men working at maximum efficiency, costs would be lowered, quantity increased, and, therefore, costs of necessities would be reduced.

Typical of some of the loans we have made in the last month were those for processing and marketing of basically essential food products, material for low-priced shoes and clothing, for low-priced household utensils and plastic substitutes for building materials.

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**V**IRTUALLY every loan that expands credit affects the economy of the nation to some extent. Some loans are more inflationary than others, but all are aimed at increasing credit in some manner, and to a greater or less extent add to the pressure that pushes prices higher.

Every extension of credit—whether for building a home or creating a manufactured product—is inflationary. But some are more so than others and a loan on goods held for a higher market is the worst type of inflationary credit.

The least dangerous type of loan would extend credit for the processing of a product presently in short supply.

Bankers may check inflationary spirals by either refusing outright loans on merchandise to be held for higher prices, or by making the margin so high that the borrower will be forced to dispose of the goods. When margins are upped, the borrower's risk of falling prices is too great and he'll sell to protect his investment. That's why high margins in the stock market cut down speculation.

We made a \$150,000 loan on partially processed material to enable the manufacturer to produce an item for which

he felt there would be a demand this year. This is considered a constructive loan, since there is a market for the end product.

Another loan for several hundred thousand dollars would aid in merchandising and distribution of goods in short supply.

Any loan that renders great service to small industry is eligible. It may require considerable collateral for approval, but the bank is willing to help at this time in distributing goods that are essential. It would be afraid at the moment to finance anything not essential.

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## ...the West, where population has increased

CALIFORNIA

LOANS which add to the supply of needed goods and services, either directly or indirectly, are anti-inflationary in type, and the West is a fertile field for loans of this classification.

Bankers in the West look at the problem from a different standpoint compared with many other sections of the country, because of the Pacific Coast states' tremendous wartime population expansion.

Loans which help the section catch up with its population increase—vitally important in the West—are anti-inflationary. Loans which speed up production, for example, by allowing additional facilities are considered anti-inflationary. In the West, where the population has increased so rapidly in recent years, it could be considered as anti-inflationary where it might not be true in another section of the country.

A specific example of this type is credit in connection with establishment of a national concern's branch facilities on the West Coast. These contribute to expansion of production in the areas where the markets exist, therefore lowering costs and increasing the availability of supplies locally.

However, there is one important factor to be considered in determining whether such a loan aids in combatting inflation—the time over which the financed expansion is spread. For example: a firm whose facilities lagged far behind need during the war years needs a large expansion program, but it should be spread over a period of perhaps two and a half years if it is not to abet inflation. Should the company attempt to spend the whole amount in getting the job done immediately it would materially assist in skyrocketing prices.

A firm may spend as much as a year in putting in new facilities before they actually get into production. Over a reasonable period of time this loan makes its contribution to increased supply.

Laundries, power houses and telephone installations are examples of prewar facilities that need to be expanded in the West, since they were unable to grow during the war years with the growth of population.

An inflation-aiding loan is one which finances persons accumulating inventories, not for sale but for speculation in anticipation of a price rise. However, current high prices discourage this type of application. More and more people are convinced the top has been reached.

Loans made in the past several months for the production of goods in short supply are those for the construction of homes. New communities have been built in Los Angeles

and the San Francisco Bay area, in San Jose and Fresno, which involved not only loans to commercial builders but financing of the purchase of the homes themselves by veterans and others.

As for crop production credit, a number of cotton and cottonseed loans have been made in the lower San Joaquin Valley. The money was used for installing pumps for irrigation, land leveling and development of acreage adapted to cottonseed.

Live stock production loans—especially financing of expansion in dairy farming—have been vitally important because of the growth of population.

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## ...which loans are inflationary—a difficult question

ILLINOIS

THE determination of what types of loans serve to help production and fight the inflationary price spiral is one of the most difficult problems in present-day banking.

It is difficult to refuse a loan requested by a customer with good credit who admittedly wants to use the money for other than productive, anti-inflationary purposes.

Loans for the production of heavy durable goods in short supply are anti-inflationary. Loans for the manufacture of household appliances, clothing and food are in the same class.

However, even the loans recognized generally as combatting inflation sometimes defeat that very purpose. Money loaned for automobile or appliance production—considered anti-inflationary—may in the end become inflationary when consumers who do not need the items buy them anyway.

Inventories must be checked closely to determine whether they will go for merchandise actually needed to do business or for speculative stockpiling.

While it has been hard to turn down some loan requests, bankers can talk to customers frankly and tell them it is for their own good as well as everybody else's that certain loans be rejected or scaled down.

Nine out of 10 such cases go away satisfied. There have been several instances in which requests for loans with which to build up inventories had been scaled down from as much as \$50,000 to \$15,000.

Bankers are doing these things at the cost of profits to themselves. They tell customers that if they don't stop contributing to inflation everyone will be hurt.

An example of a recent anti-inflationary loan is one made to a manufacturer of winter clothing for children up to the age of six.

Another recent one was for a poultry raiser and distributor. Most banks in big cities, aside from the larger ones and

(CONTINUED ON PAGE 79)



President Truman's cabinet \*

PRESS ASSOCIATION

## A Change Appears in the Economic Weather

LAWRENCE STAFFORD

**T**HERE are signs that the difficult political and economic "weather," which has oppressed the banking business since late Fall, is beginning to break up.

Last Fall the White House dropped a firecracker into the banking community by proposing legislation restricting bank credit. The proposal was contained in the President's message at the opening of the special session of Congress last November. Since then there has been a constant threat that a "meat axe" would be swung on the nation's economy, with the banks made the unwitting instruments of deflation.

That threat is beginning to disappear. It may re-appear if inflation marches on. It may vanish completely if deflation appears to have set in. For the moment the most far-reaching credit regulatory possibility current is for a small increase in legal reserves. Another couple of months should tell the story of what changes may be thrust upon the banking system, or what changes may be escaped.

### Maintenance of Productive Credit

One of the first things to allay or stop this threat was the American Bankers Association program of keeping credit productive. This program won the enthusiastic support of virtually all federal officials. There is no doubt in this capital that the President's own statement, in his economic message of January, that the operation of this program might avoid the necessity for further general action, suggested what might be in store.

Joseph M. Dodge, president of the American Bankers Association, and president of The Detroit Bank, described the A.B.A. program as one of "limiting of credit which adds to the consumption demand for goods, while granting credit for purposes which add to the supply of goods." In Mr.

Dodge's opinion the banks of the country were not responsible for the inflationary situation brought about by years and years of deficit financing before the war, during the war and since. Nevertheless, banks owed it to their customers and to themselves to do what they could to correct the situation of inflation, and "the problem is to select a remedy for the illness which will not kill the patient," Mr. Dodge said.

The A.B.A. voluntary program was just that. And there was every evidence that this program met with approval, and that it has been a potent factor in delaying some such "meat axe" method as the former Federal Reserve Board proposal to require all banks to maintain in cash, short-term governments and similar items a secondary reserve equivalent to 25 percent of their demand deposits.

### FRB Leadership Changes

Another factor which abated the threat of arbitrary action was the change in the leadership of the Federal Reserve System. Last month President Truman made Thomas B. McCabe, chairman of the Federal Reserve Bank of Philadelphia, a member of the Board of Governors of the Federal Reserve System, and designated Mr. McCabe

\* President Truman, members of his cabinet and two advisors in the Cabinet Room of the White House. Clockwise at table from left: Secretary of Interior J. A. Krug; Secretary of Commerce W. Averell Harriman; Federal Works Administrator Philip B. Fleming; Assistant to the President John R. Steelman; Secretary of Labor Louis B. Schwollenbach; Secretary of Agriculture Clinton Anderson; Postmaster General Jesse Donaldson; Secretary of Defense James Forrestal; Secretary of State George Marshall; President Truman; Secretary of Treasury John W. Snyder and Attorney General Tom Clark



to be chairman of the Board. Former Chairman Marriner S. Eccles was allowed to step down to vice-chairman.

Mr. Eccles presented to Congress the controversial secondary reserve proposal. Although this scheme was officially a proposal of the entire Board of Governors of the Federal Reserve System, its chief proponent was Mr. Eccles. The former chairman insisted upon proposing this scheme, to implement the President's general request for legislation, against the virtually unanimous opposition of the banking world and the U. S. Treasury. This opposition was spotlighted by the Federal Advisory Council, a statutory body of the Federal Reserve System, consisting of one banker from each Reserve district. The proposal also was opposed by Allan Sproul, president of the Federal Reserve Bank of New York, key institution of the central banking system.

There has been a great deal of chatter in the papers as to the "why" and "how" of the replacement by Mr. McCabe of Mr. Eccles as chairman of the Reserve Board. While the means by which the shift was accomplished may be obscure, some results are possible to assess.

### Meet Mr. McCabe

One thing which seems likely is that there will be a greater community of interest between the Federal Reserve Board and the Treasury, which jointly dominate the credit picture. Mr. McCabe's background is that of a life-long business man, and yet one who has been associated with banking for a decade as a member of the board and then chairman of the Philadelphia Reserve Bank. He was president of the Scott Paper Company, to which position he worked his way through the ranks. While associated with the Federal Reserve Bank of Philadelphia, he maintained an active interest in the problems of banks in the district.

Mr. McCabe also has a broad grasp of Washington and its ways. He served on the Advisory Council to the Council of National Defense, the first of the host of war agencies. He was also at various times deputy lend-lease administrator and Army-Navy liquidation commissioner. He thus is expected to show an over-all comprehension of government as well as banking problems. Furthermore, those who champion him anticipate that he will promote greater coordination of viewpoint within the Reserve System.

### Changing Attitude on Credit Control

Harmony between the Reserve System and the Treasury would be affected adversely should the new vice-chairman, Mr. Eccles, attempt to assert his viewpoints over those of the incoming chairman. It was an advantage to the White House, in the opinion of observers, to retain Mr. Eccles on the board. The complex subject of credit controls was little understood by the lay public. But for Mr. Truman's public assurances of agreement with Mr. Eccles' objectives, the notion might have got abroad that the President had completely abandoned one of his most important objectives—general credit control.

Actually this program has been delayed and has a doubtful future. It has been delayed to await specifically the working out of the A.B.A. voluntary program. It also has been delayed to await the development of economic conditions. Until the end of this month, the pressure upon banks for withdrawals for taxes precludes any binge of inflationary lending, even should banks be disposed to grant loans recklessly, which they are not. When, in another few weeks, federal officials have taken a fresh look at the economic

## Business Tax Relief

SPEAKER Joseph W. Martin, Jr., of the House of Representatives told the conference of American Small Business Associations recently that his party believes that "business along with the rest of the taxpayers is entitled to honest tax relief."

"We do not believe," he said, "that it is necessary to increase the already heavy tax load on business. This would be disastrous because it would deprive business of the necessary funds to provide more jobs, increase production and lower prices."

Speaker Martin explained that the proposed reduction in taxes could be accomplished by effecting long needed economies in government operations. "These economies would permit not only tax relief but a substantial reduction in the budget as well," he said.

picture, they can then determine whether there is need for any legislation on the subject of credit control.

The replacement of Chairman Eccles by Mr. McCabe probably (1) clears the way for agreement between the Treasury and the Reserve System on a more conventional method—if any—of restricting credits and it (2) pushes the secondary reserve plan well into the background.

One factor in the changing attitude on credit restriction measures was the commodity price situation. When commodities first showed signs of falling off from their inflation peaks, the Administration began to take a second sight on its target. Mr. Truman's anti-inflation program was hung on the prospect that a rise in the cost of living would be continuous throughout 1948 and should be arrested by legislation. There was virtually unanimous agreement among government economists, up to early February, that no break in the inflation spiral was in sight even if inflation would not progress sharply this year. The behavior of commodity prices gave point to the observation of Dr. Marcus Nadler before the A.B.A. Mid-Winter Trust Conference that regarding inflation, "a readjustment may be nearer at hand than is generally believed." Dr. Nadler is

(CONTINUED ON PAGE 94)

Earl R. Muir, president of the Louisville Trust Company, Louisville, Kentucky, testifying before the special subcommittee of the Senate Banking and Currency Committee studying the future of the Reconstruction Finance Corporation. (See page 96)



HARRIS & EWING

March 1948



Various elements make up the bank's public relations program. Most of these elements require a cash investment, and the division of each part of the public relations dollar must be very carefully planned



# PUBLIC RELATIONS THAT MONEY CAN'T BUY



by J. WILL IRWIN and DOUG ANDERSON



For example—advertising is an important part of the over-all program



Miscellaneous public functions such as open house, displays and exhibits, bank tours, etc., are chargeable to the public relations dollar



Internal relations, such as parties, house publications and other functions of the bank's staff take a part of our diminishing dollar



General overhead expenses such as salaries, supplies, etc., remove still another chunk of the dollar

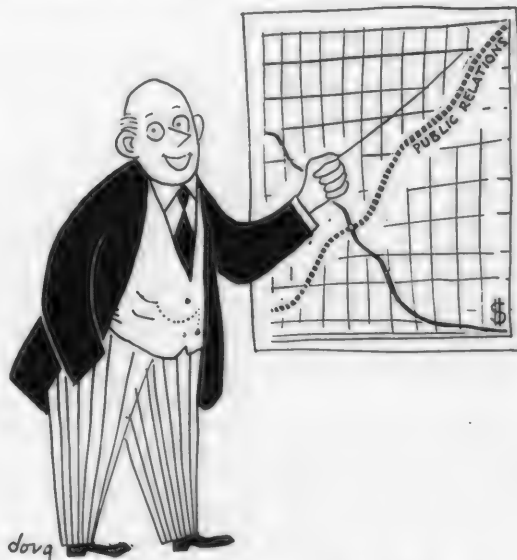


Other functions serve to consume the buck. Thus, each part of the dollar is invested in men, materials, methods of communication, all sorts of physical properties. OK. Our money is gone. Completely and totally gone, to create a public awareness of the bank's place in the scheme of things. Or, frankly—to woo customers. Where, then, do we get the money to provide for the most important part of public relations: the business of coming face to face with the people who patronize your bank?



The answer is—it doesn't cost a cent to put forth your most persuasive effort when you meet the people in the bank.

When you are courteous, cheerful, and radiate a



spirit of friendly helpfulness in your dealings with customers, when you put that sales personality of yours to work for your bank, it doesn't cost anybody anything.

And that's the kind of public relations that money can't buy

# How Banks Sell Services at Fairs

MARY B. LEACH

**F**AIR week is the one time during the whole year that farm families can count on seeing their old friends for miles around while taking in the entertainment and educational features of the fair.

Many big and little banks over the country have discovered that their customers are more apt to be receptive to new ideas and to remember thoughtful courtesies when the ideas and courtesies are an integral part of the fair program and contribute to the enjoyment of the customers while on their annual outings.

## Leadership

In a sampling to find out what it is that these banks do in connection with state, regional and county fair programs to win the praises of customers, BANKING found that leadership is one of the most important contributions made by the banks. Though leadership is an intangible sort of thing, bankers find that it is a goodwill builder that inevitably redounds to their benefit.

Because of their broad knowledge of community life, leadership is a natural for bank officers and employees. Their aptitude for devising operating procedures having to do with money transactions and their skill in handling money are assets that are recognized and coveted by fair organizations. It is little wonder, then, that bankers should be called upon to serve in a great many capacities having to do with the organization and administration of community fairs.

A few examples of what bankers and banks are offering their fair boards in the way of leadership:

In Superior, Wisconsin, two bankers—Ford S. Campbell, president, Wisconsin State Bank, is the president and Eino E. Dixon, cashier, National Bank of Commerce, is cashier and personnel manager of the Tri-State Fair. In Cedar Rapids, Iowa, William Rinderknecht, Jr., vice-president, The Peoples Savings Bank, has been president of the All-Iowa Fair since its inception 10 years ago. In Caldwell, Idaho, L. P. Remsberg, manager, The Idaho First National Bank, is chairman of the finance committee and is in charge of ticket sales for the Homesteaders' Stock Show and Fair Association. Before he took over four years ago, another member of the bank's staff handled this work.

For several years prior to 1947, The Detroit Bank operated a branch at the Michigan State Fair. Last year, in lieu of a branch office, the bank assisted the fair management in organizing a system for handling cash receipts. Employees

A panel of the Chenango County (New York) Clearing House Association exhibit at Chenango County Fair



"New and better ways of doing things" exhibit of the Federal Reserve Bank of Chicago at the National Farm Show in Chicago. President C. S. Young, center, and Economist Walter B. Garver, right

of the Great Falls (Montana) National Bank help out during fair week in one capacity or another at the fair grounds. The Citizens National Bank of Marshfield, Wisconsin, sends a man to the Central Wisconsin State Fair every year to handle gate receipts, while the Central State Bank, also of Marshfield, helps to defray the expense of a hill-billy band broadcast from the fair grounds. Its name, of course, is mentioned as one of the sponsors.

## Exhibits

Bank exhibits are among the more spectacular things that banks do to add to the success of fairs. To assist banks that may be looking for exhibit ideas, a few of these exhibits are described briefly:

Emphasis was placed on the essential services local banks give their communities in an exhibit of the Federal Reserve Bank at the National Farm Show in Chicago last Fall. Three main ideas carried through the exhibit—bank credit to farmers, miscellaneous customer services, and insect control—each receiving special treatment, as follows:

Photographs artistically arranged on a panel were used to indicate the availability of eight different types of farm credit; the havoc wrought to crops, cattle, timber, etc.; by insects was illustrated with colored pictures showing insects at work and the effect of their destructive tendencies; and a series of slides projected on a translucent screen showed how

Exhibit emphasizing soil conservation of the City National Bank of Kankakee, Illinois, at the Kankakee County Fair







Bank of America branch office exhibit at the California State Fair in Sacramento featuring highway billboard

banks aid farmers by extending a variety of essential services.

The slide films were taken from a booklet—"The Farmer, the Banker, and Farm Credit"—produced by the Federal Reserve and passed out to farmers visiting the booth.

"The exhibit was planned to promote better relations between farmers and their local bankers by refuting the false impression that bankers are hard-hearted and unfriendly to their farm customers," said Walter B. Garver, agricultural economist of the bank.

The Chenango County Clearing House group has an annual exhibit 10 feet wide by 50 feet long at the Chenango County (New York) County Fair. Although a committee of bankers decides the content of this exhibit, responsibility for installing it is left to the National Bank and Trust Company of Norwich.

Nicholas A. Jamba, manager of the agricultural department of this bank, reports that in 1947 the Chenango exhibit drew around 10,000 visitors. Usually the theme of the display concerns itself with current agricultural problems and an effort is made to convince farmers that the banks can and want to be helpful to them in solving their difficulties. Last year's exhibit included purebred stock, pedigreed poultry, a Chenango County land classification map, a money exhibit that emphasized the dangers of inflation, a graph extending the full length of the display, showing the trend in milk prices, and folders and booklets.

A contest that proved popular with visitors was built around the milk price graph. A prize was offered to the person who could come nearest guessing the price of milk in June 1948. Naturally, this prize won't be awarded until the 1948 fair.

"We believe that an exhibit of this type fits very nicely into a fair program and have found, after several years of participation, that fair visitors expect banks to have an exhibit and to visit the exhibit as a part of their day at the fair," said Mr. Jamba.

Approximately 10,500 people enjoyed the hospitality offered by the First National Bank of Meadville, Pennsylvania, at its exhibit at the Crawford County Fair



"Better Milking Contest" sponsored by Hunterdon County (New Jersey) banks at Flemington Fair

Soil conservation was the center of interest in the exhibit of the City National Bank of Kankakee, Illinois, at the Kankakee County Fair. Farmers were attracted to the booth by the pleasing aroma from the background of newly mowed broome grass-alfalfa hay. Charts and pictures, obtained from the Soil Conservation Service and the University of Illinois, were changed from day to day throughout the week. Visitors asked many questions about the exhibit and showed keen interest in an aerial soil map of the county.

"We cannot say that through the exhibit we obtained any clients for management, trust service, or loans; however, we believe that this medium of letting the public know about our services is just as effective as an equivalent amount spent on newspaper advertising," said Farm Service Department Manager Charles H. Stinson.

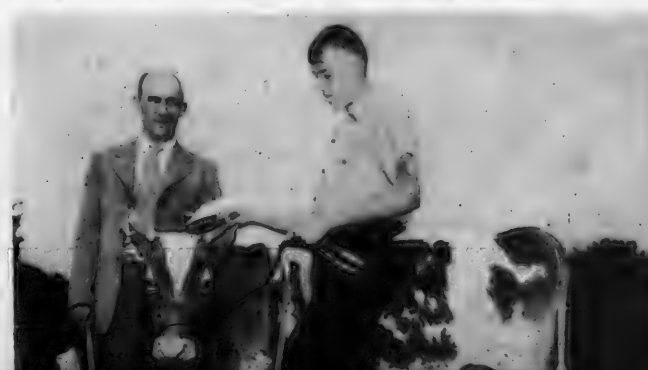
The Bank of America operates a branch office at the California State Fair in Sacramento for the convenience of visitors, fair employees and concessionaires. In 1947 the tellers' windows in this branch office were surmounted by a replica of the bank's highway billboard and notice of "banking hours" of the branch was prominently displayed between two of the windows.

A popular feature of the bank's fair activity is a daily broadcast from some one of the county exhibits, when the announcer describes the exhibits, gives news of contest winners, and interviews visitors from the respective counties for the benefit of the homefolks.

The Bank of America also contributes several special broadcasts from county fairs, usually on opening days, aimed specifically at stimulating interest and boosting attendance. There are no commercials connected with the broadcasts excepting the statement that the programs are sponsored by the bank as a public service.

More than 10,000 people attended the second annual Crawford County Fair in Meadville, Pennsylvania, last (CONTINUED ON PAGE 76)

J. S. Pates of Farmers & Merchants State Bank, Fredericksburg, Virginia, awards \$50 Savings Bond to Billy Dickinson for his grand champion dairy heifer at Spotsylvania County Agricultural Fair





## Demon Devaluation—Concealed Assets

HERBERT BRATTER

WASHINGTON

ON a recent Sunday the combination of cold, snow and holiday saw Washington's traffic at the lowest ebb in years. Wearing neither hat nor overcoat—for that is his custom Winter or Summer—Camille Gutt of the International Monetary Fund unlocked his shiny little Ford and drove downtown to hold an unusual press conference on the French franc. Awaiting Mr. Gutt at the Fund were not only a group of correspondents, most of them representing foreign publications, but also press attachés of the British and French embassies and the IMF executive directors of Britain, France and the United States. After an exhausting week of boardroom wrestling France had decided to defy the Fund and, in devaluing the franc again, to set up a so-called free market in the dollar, the escudo and gold. Only the Belgian executive director had supported the French plan.

In view of the loss of prestige which the Fund had suffered in its futile efforts last year to stamp out subsidies and the traffic in gold at premium prices, and in the negative progress in the matter of multiple exchange rates elsewhere, a correspondent asked Mr. Gutt what the French franc decision would do to the Fund's authority. "I am wondering, too," the unhappy managing director replied. He sought to draw a wisp of comfort from the fact that, although France was flouting the Fund (and this after having drawn almost the full year's quota of dollars to which the articles of agreement entitled her), she had first "consulted" the Fund.

In view of the strenuous British efforts to prevent France's decision, efforts culminating in a special trip to Paris by Chancellor of the Exchequer Cripps, it is interesting to be reminded by Representative Frederick C. Smith of the House Banking and Currency Committee that before the Fund was accepted in Britain both Lord Keynes and the

then Chancellor, Sir John Anderson, had stated that Britain would commit herself to consult the Fund if Britain should wish to devalue, but would reserve the right to persist with its intention should the Fund refuse its consent.

Britain's frantic opposition to the French free market doubtless was based less on the fear of French export competition than on the psychological blow to confidence in sterling, should that currency be dealt in freely and openly in France. The French Government therefore agreed at least to exclude sterling from the sanctioned free market. Even so, the existence of a free market in the dollar and other hard currencies, although limited by French trade restrictions because of the difference between the franc cost of dollars and sterling—the latter being available legally only at the official rate—makes theoretically possible arbitrage operations through purchases of British export goods via the French franc.

Certainly the French decision has stimulated thought of devaluation in other countries, notably Belgium, where the inflow of French goods at prices now lower in terms of already weak Belgian money may be decisive. In Fund circles and elsewhere, the United States, which almost at the last minute decided to vote disapproval of the French course, is criticized for not having taken a firm stand much earlier. It is contended that France had been led to believe the United States, and hence the Fund, would not withhold consent to the French method of determining the new value of the franc gradually, through the free-market device. By the time the United States made up its mind—a decision motivated in the end by the NAC's fear that consent to France would mean automatic consent to any other Fund member later deciding to do likewise—French internal political reasons had made it impossible for the Schuman Government to give up the plan.

The fact that two important ERP recipients were giving such a poor demonstration of cooperation was not encouraging. Also, France's decision in this instance raises questions as to financial obligations of sovereign nations to other lenders.

According to the *Economist* of December 6, the question of closer cooperation among the ERP countries was shelved at Paris last Summer. "The nations did not come prepared to sacrifice national sovereignty." Unfortunately, in all the debate over the ERP in Washington, the question of intra-European cooperation has been lost to sight.

### Getting Those Concealed Assets

In response to objections to so large an ERP program while citizens of Marshall Plan countries own billions of dollars worth of American assets the NAC in February announced a program to get at part of those assets. The largest part of those assets are free. Some \$4.3 billion belong either to the ERP governments and central banks or to their nationals and the NAC proposes not to touch them. The only way the United States could force foreign citizens to turn over their dollar assets to their governments would be by instituting strict exchange controls; and Washington does not want to do that. However, there are some \$1.1 billion of dollar assets of ERP nationals blocked here since the war. The owners of these assets can get them unblocked only if their governments will certify that there is no enemy interest in them; which means that the owners must declare their assets to their governments.

To see that this is done NAC has proposed that all such assets remaining undeclared to or uncertified by the ERP governments—other than the UK, Eire and Iceland, which were never blocked here—will at the end of three months be turned over to the governments of the owners concerned or vested by the United States for the benefit of the ERP in general. The Office of Alien Property will take a new census of the assets remaining blocked on the deadline date.

Bankers and other trustees who traditionally pride themselves on the inviolability of their relations with clients, foreign or domestic, do not like the NAC's program. Chairman Robert F. Loree of the National Foreign Trade Council, a former prominent banker, has written Senator Vandenberg to object, stating: "Is not the problem primarily to insist that these aid-receiving countries adopt such monetary and other financial policies as will assure the American taxpayer that he will be repaid the money which our Government loans to these countries?"

The crux of the matter is, of course, that few here or abroad expect that the American taxpayer will be repaid.

### South of the Border

Latin American insistence that the United States devise a Marshall Plan for that part of the world will come to a head at the Bogota Conference in March. A wide variety of suggestions have been emanating from various Latin American countries, including revival of the proposal of an Inter-American Bank, first broached at the Pan-American Conference in 1890. In fact, there are demands that the U. S. A. agree to form both a Hemisphere Fund and Bank, paralleling the Bretton Woods organizations, which the Latinos view as disappointing institutions. They were particularly annoyed at the World Bank's policy on Latin American loans, as expounded by John McCloy before a meeting of the Inter-American Economic and Social Council. Mr. McCloy told the group that he did not approve of loans to

finance industrialization in countries not possessing the necessary raw materials.

The Latin Americans seem to go on the theory that the United States has no alternative to continuous foreign loans and gifts. Eduardo Villaseñor, prosperous Mexican central banker, says so in just those words and sends us this message: "Get rid of your treasure—lend it, give it away, throw it away—if you do not want to perish in the midst of plenty." (Cash or checks, but no stamps, please!)

Other parts of the world, also, are seeking dollar grants and loans. And they won't all be disappointed.

### "Ex-Im" Bank and ERP

In the ERP hearings the Export-Import Bank through its chairman and spokesman, William McChesney Martin, sought the role of Marshall Plan banker. Mr. Martin told the Senators that it was "difficult to perceive any compelling reason why the Bank should not be utilized in the capacity of lending agency under the program."

Actually, there had been differences of opinion on this point, both within the "Ex-Im" Bank and elsewhere in the NAC. Some in the Bank felt that for it to make Marshall Plan loans, which will necessarily be of doubtful collectibility, would be to imperil Ex-Im's already outstanding loans to the same borrowers and that therefore the Bank should keep out of ERP entirely. Others in the Bank—the majority—felt that to eschew a role in ERP would be to relegate Ex-Im to an inconspicuous and unimportant place in the public eye, whereas a big ERP role would bring kudos at the top and obvious advantages at the staff level. So the formula was devised that the Ex-Im's ERP loans would be handled in a separate portfolio. This a resigning Ex-Im official called "setting up a bargain basement."

The Administration accepts the present Ex-Im role as a compromise; for those pushing the ERP had been reluctant to have ERP loans "doled" out by Ex-Im "with a banker's medicine dropper," and on the other hand did not want to set up a new ERP loan agency, when there are already two big lenders to foreign governments.

CONTINUED ON PAGE 104



Wrapping It as a Gift

# The Receiving End of the Income Tax

## *How Tax Dollars Affect Banks*

INDIVIDUALS and corporations generally pay their income taxes by means of checks drawn on commercial banks. These checks are deposited by the collectors of internal revenue with the Federal Reserve banks of their district, for collection and credit to the account of the Treasurer of the United States.

The bank on which the taxpayer has drawn the check reduces its liability to the depositor—that is, bank deposits of individuals and businesses are cancelled to the amount of checks drawn. Commercial banks make payment to the Treasury by reductions in their reserve balances at the Federal Reserve banks, thus reducing bank reserves by the full amount paid by the taxpayer. Excess reserves are reduced by  $\frac{1}{5}$  of the amount paid by city banks, or about  $\frac{9}{10}$  of amounts paid by country banks.

Banks that lose reserves are forced to (a) draw on their excess reserves (if any); (b) borrow from the Federal Reserve banks; (c) sell government securities; or (d) obtain funds in other ways.

\* \* \*

*The effect of debt retirement upon the money supply depends on how the cash received from taxes is spent. As noted above, when taxpayers deliver their deposits to the Treasury, bank deposits are cancelled. The money supply of the United States is reduced.*

\* \* \*

If the taxpayers' funds are used to retire debt held by the Federal Reserve banks, taxpayers' deposits remain cancelled and member bank reserves are reduced, as banks pay these deposits to the account of the Treasury, at the Federal Reserve banks.

Primarily concerned with tax dollars are secretary of the Treasury John W. Snyder (left) and Under Secretary A. Lee M. Wiggins, both of whom are former bankers





Excess reserves are reduced about  $\frac{1}{5}$  of the amount paid in by member banks.

\* \* \*

If the taxpayers' funds are used to retire debt held by the commercial banks, taxpayers' deposits remain cancelled, and member banks surrender securities to the amount of deposits that are paid to the Treasury. In other words, banks receive as payment for retired federal securities about the same amount that they pay to the Federal Reserve banks to meet the collection of taxpayers' checks. Bank reserves are not changed, but excess reserves are increased somewhat, since deposits of customers have been reduced.

\* \* \*

If the taxpayers' funds are used to retire debt held by individuals or businesses, these individuals will receive Treasury checks for purchased or called securities to about the same amount as was paid in taxes to retire these securities. The net result is no reduction in deposits of individuals and businesses, and no reduction in bank reserves or excess reserves. The money supply remains the same and banks are under no strain.

Two other bank-important personalities in the Treasury, although they are not primarily concerned with income tax matters, are Comptroller of the Currency Preston Delano (below, left) and Assistant Secretary Edward H. Foley (below, right)



Above, George J. Schoeneman, Commissioner of Internal Revenue, whose department is the one principally concerned with the well known activity that occupies the minds of so many people just before March 15



March 1948



Examining the returns of tax-exempt organizations



Corporation returns receiving study in another section

In the punch machine room, where data on returns is made into a permanent punch card record



# Banking Today in Japan · II

WILLIAM R. JOHNSTON

*The first part of this article appeared in February. Before the war the author was in the Worcester (Mass.) Five Cents Savings Bank.*

**I**N January 1947 a rigid priority system was put into effect governing the lending of funds by financial institutions to industrial enterprises. Under this system all lending institutions are required to keep new loans within the limit of a certain fixed percentage of increased deposits, and to make loans in accordance with the fixed priority number of various industries, particularly the coal, iron and steel concerns designed to yield maximum advantages to Japanese economy.

The system of discount rates of Japanese commercial banks has undergone some change recently, due to the unbalanced supply and demand of funds resulting from the progress of inflation and increased operating costs. Open market interest rates have risen right along, causing the flotation of government bonds and other securities to decline in activity and imposing heavy burdens on key Japanese industries. Under these circumstances, all banks, at the suggestion of the Bank of Japan, agreed to peg the basic rate as of July 1947 at 7.3 percent per annum and the maximum rate at 8.39 percent. In the six leading cities at the present time, however, interest rates range from a high of 9.12 percent to a low of 4.75 percent per annum, averaging around 7.6 percent. There is practically no difference between interest rates on loans and bills and the bill discount rates. At present there are further legislative changes pending in the discount rate picture.

As a matter of interest in Japan's present attempt to establish financial security it might be well to touch lightly upon national bond issues. Recently, almost no absorption of national bonds has been made by financial institutions. This is due to the fact that the interest rate of 3.5 percent, coupled with tremendously increased management costs, made the holding of these issues unprofitable. The result has been that

the issuance of all national bonds has been recently underwritten by the Bank of Japan, inevitably causing still further expansion in currency, and the Government, in an attempt to encourage their digestion by financial institutions, raised the interest rate to 4 percent per annum as of September 1947.

The Bank of Japan, being responsible for a great percentage of Japanese economy and charged today with a good portion of the tremendous task of pulling a war-torn nation out of the mire of a sagging economy, is an interesting institution, modern in many respects but far behind the times in many others. Many of its shortcomings are fully realized by its officials, who are always eager to pick up any new suggestion.

The main office is housed in an imposing four-story granite building in the Nihonbashi section in Tokyo, and has two sub-basements housing some 43 huge vaults. Eighth Army has control over one large vault in the second sub-basement, containing many valuable items held in custody by SCAP since the end of the war.

At the time of its founding on October 10, 1882, the bank had a capital structure of ¥10 million, which has since grown to ¥100 million. Generally speaking, this capital is invested as fixed assets, due to the fact that it must be held for the most part in reserve against note issues.

The Bank of Japan's balance sheet presents many items of interest, and at the risk of going too much into detail a copy of their figures (in ¥1,000) as of March 31, 1947 is listed below:

ASSETS		LIABILITIES	
Advances to the			
Government.....	16,275,000	Bank notes issued	115,726,207
Discounted bills....	429,940	Government deposits	11,437,117
Second separate			
discounted bills...	86,043	Current deposits...	8,036,645
Loans on bills.....	51,387,054	Special deposits	146,901
Special loans on		Domestic exchange	
bills.....	8,439	settled	1,771,562

Military officials examine Japanese bank records soon after the end of the war. In this case the bank under examination was the Hypothec Bank of Japan, which is primarily concerned with agricultural financing but has also undertaken some industrial financing



March 1948

PRESS ASSOCIATION

ASSETS		LIABILITIES	
Domestic exchange advances unsettled	2,478,059	Exchange remittances	344,886
Overseas loans	100,000	Overseas deposits	100,000
Special overseas loans	5,380	Overseas exchange settled	1,502,053
Deposits	3,234	Suspense receipts	3,466,772
Government bonds	65,101,053	Money corresponding to various accounts	102,084
Debentures	2,545,450	Dividends	
Stocks and bonds invested	39,005	Capital	100,000
Bullion	501,301	Legal reserve funds	134,180
Deposits at agencies	1,296,812	Separate reserve funds	12,500
Money in custody of agencies	146,989	Special reserve funds	3,067
Money in custody of overseas agencies	807	Surplus funds for current period	939
Suspense payment	826,830		
Lands and buildings	47,880		
Government's accounts	607,944		
Special Cash			
Cash in transit	150		
Cash	942,540		
Unpaid Capital	55,000		
Total	¥142,884,918	Total	¥142,884,918

It may be of interest to touch upon various reports required of the Bank of Japan by the Supreme Commander. At varying times throughout each month the bank must submit to General Headquarters:

- (1) A balance sheet every 10 days.
- (2) A list of new loans classified as to collateral, at the end of each month.
- (3) A list of new loans classified as to customers, monthly.
- (4) A report on the increase or decrease and total of branch office loans every 10 days.
- (5) A detailed statement concerning the status of Bank of Japan stamp bills, monthly.
- (6) A "Special Monthly Economic Report," concerning the general economy of the country, monthly.
- (7) A report on the provincial economic condition, monthly.
- (8) The call rate, daily.



The Mitsui Bank in Tokyo, which was part of the Zaibatsu interests that have been dissolved. In its time, this was one of the most powerful banks in Japan

- (9) Copies of the daily trial balance sheets of the Bank of Japan, and all other banks, trust companies, ginkos, agricultural associations, urban credit associations and mutual loan companies, to be submitted at the end of each month.

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## New Phase in Trade with Japan

PREVIOUS restrictions on travel to Japan for business and certain other reasons were greatly relaxed early in February by an order of SCAP in Tokyo. National quotas on allied traders have been suspended and the duration of their visits may now be 60 days as compared with the earlier 21. Persons seeking restoration of their property and those in search of opportunities for private investment also benefit under the new regulations.

Army officials asserted that the purpose of the change was to aid re-establishment of Japan's normal peace-time relations, but pointed out that foreign trade still must be transacted through the Japanese Board of Trade and that contracts must have SCAP approval.

These changes mark a distinctly new phase in the effort of Americans to participate to some extent in foreign trade with Japan. Businessmen who went there as soon as possible after the end of hostilities brought back varying reports on the handicaps they encountered, including the attitude of military and civilian officials. There was, however, a widespread agreement that the chief obstacles to their

success were high prices placed on Japanese goods, official bungling and red tape and lack of a true exchange rate.

There was considerable optimism, even in those days, however, that within a matter of months many of the difficulties would be ended.

In giving some information on this subject to BANKING recently, William R. Sears of the United Press quoted Ernest B. Heller of L. Heller and Son, Inc., as saying: "Obviously, since one is dealing with individuals, one finds some competent people and some fairly incompetent ones in the same organization. On the whole, SCAP officials are trying to do their best, but they do seem to show a great unfamiliarity with ordinary business methods of importers who have, during years of doing business with Japan, established certain methods. Naturally the first traders to reach Japan found the situation particularly difficult, but I feel as time goes on this will improve."

The requirement, still in effect, that actual conclusion of business agreements must pass through the Japanese Board of Trade and SCAP has led in the past to criticism of the

complexities and red tape encountered. It remains to be seen whether the new phase of trading will be improved in this regard.

Some interesting comments on postwar Japanese business conditions were made several months ago by Norbert A. Bogdan, vice-president of the J. Henry Schroder Banking Corp. He states that "Japan has been out of world markets for six years and has lost touch with world demand," and "the bulk of Japanese foreign trade in the future will be with the Far East and surrounding areas."

Mr. Bogdan believed at that time that "Over-all cooperation between the Japanese Government and SCAP is today more sincere than a year ago, and it is equally fair to say that, with some exceptions, the Japanese seem today more genuinely convinced of the merits of close, long-term cooperation with the United States."

Mr. Sears reported that most businessmen to whom he talked believed that Japanese trade will recover only when the buyer can meet the producer across the table with a minimum of outside control.

BANKING





CHARLES PHELPS CUSHING

## Is Consumer Credit Volume Too High?

A. ANTON FRIEDRICH

*The author, a regular contributor to BANKING, is professor of economics at New York University and a member of The Graduate School of Banking faculty. He is also co-author of several books on economics, and contributor on economic subjects to the Encyclopedia of Social Sciences.*

FOR the second straight year consumer credit in 1947 has increased by more than \$3 billion. This increase, unparalleled in any prewar period, together with the general fears regarding inflation, has again raised the issue of just how inflationary consumer credit really is.

The answer is usually given by comparing present dollar totals with those of 1941, the prewar peak year. Charge accounts are now slightly more than double their amount in 1941. Total instalment credit, now \$6.1 billion, is more than \$200 million higher than its prewar peak and total consumer

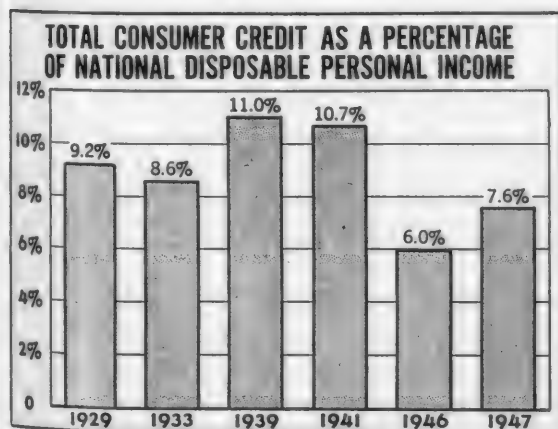
credit is more than one-third greater. Only instalment sales credit lags behind by nearly a billion dollars. Presented in this light, consumer credit appears to be greatly inflated.

Comparison merely of dollars may, however, be greatly misleading, as a simple illustration will make clear. Assuming two different periods, one reporting a national income of \$50 billion, the other of \$100 billion, both may have the same amount of consumer credit outstanding, say, \$5 billion. The economic effect of these two equal dollar totals would, however, be quite different. In one case consumers are mortgaging 10 percent of their aggregate income, in the other case only 5 percent. If in both periods consumers are borrowing up to 10 percent of the national income, the reasonable conclusion would be that so far as consumer credit is concerned there is no relative change. It is neither more nor less inflationary in one period than in the other.

A further step in analysis is necessary. Some norm of reasonable relationships must be assumed. At what dollar figure is consumer credit moderate and reasonably sound? One solution is to take a particular year, a year which is historically significant and in which economic relationships are regarded as being in reasonable balance. In this case, we might choose 1941 as the basis of our comparison. 1941 was a moderately prosperous year, prices were not regarded as being inflated, and consumers were buying and borrowing with reasonable care and restraint. Another solution is to take an average for a period of years. Thus price comparisons are made on the basis of the average of the prices over the years 1935 to 1939. So we may use consumer credit statistics over a period of years, averaging the ratio of consumer credit to the national income, and using this average as the basis of our comparisons.

Over the years 1929 to 1941, the ratio of total consumer

(CONTINUED ON PAGE 91)



# Consumer Credit News Exchange

## "Anchor to Windward"

**F**OR nearly 10 years this bank has followed the policy of handling instalment sales on an indirect basis through the dealer," the WEBSTER AND ATLAS NATIONAL BANK OF BOSTON reports. "While under existing conditions this plan has received somewhat of a setback due to the number of banks who are financing customers direct, we feel it will only be a question of time before the business reverts to the dealer. Those banks which have entered the field with a direct plan have been particularly fortunate on account of existing economic conditions. Past dues are few and far between and repossessions are almost unheard of. This condition will not prevail forever. It will only be a matter of time, in our opinion, before the business reverts to normalcy, in which event, regardless of how good the credit rating at the time of its creation, the usual number of defaults and repossessions as well as conversions will again come into existence.

"When and if that time comes, banks operating on a direct plan will be faced with plenty of trouble and unusual losses unless they are fortunate enough to have an experienced consumer credit man operating their department who has been through the mill and can deal with these situations as they arise.

"It is our belief that inasmuch as the dealer creates the business and as he enjoys the confidence of the purchaser, he will be in a much better position than he is now to dictate as to the disposition of the time sales business he creates, and by virtue of unusual services which he is qualified to perform, he can save the customer a great deal more in the final analysis than is saved by the customer who finances his car on a direct policy.

"On the dealer plan, the bank always has in the dealer a purchaser of any repossessed cars for the unpaid balance due on the customer's note, and this factor, except in abnormal times, has proved a wonderful 'anchor to windward.'

"We are opposed to large dealer reserves and, in an effort to stamp out such practices, have issued a rate chart containing the same rates for both new and used cars. These are printed in a very simple chart. While our plan contains insurance against loss by fire, theft and collision, the bank does not profit on this insurance but passes it along to the dealer at cost, thus giving the dealer some incentive for trying to write up instalment sales business on his own plan. In this manner, the bank is able to handle all of its insurance dealings with one company instead of a countless number, as would be the case if the so-called 'bank agent' were employed.

"Acquisition costs are greatly decreased by our plan of operation, and we obtain a valid warranty as to the genuine-

ness and validity of the transaction on the part of the dealer with whom we do business."

## One Customer Leads to Another

**R**ECENTLY a customer of THE TUCKER COUNTY BANK, Parsons, West Virginia, took a job selling an excellent home improvement item. The distributor of this item had been financing through a national finance concern, usually regarded as an automobile financing agency. The bank contacted its customer, the salesman, and an officer of the bank went with him to visit the home office of the distributor. Results: The bank reproduced forms similar to the ones being used and offered the same plan as the national finance concern. The national concern was taking this paper without recourse, but was also taking five to 14 days to get the money back to the distributor, as credits were checked by mail. As the items were sold only to home owners, and because of the bank's complete credit files and contacts, it was able to assure the distributor of approval or disapproval within 24 hours. In addition, the plan provided group creditors life insurance for the home owner, which he was not getting. The bank has secured a good line of loans from substantial home owners.

## Depositors Are Potential Credit Customers

**W**E feel that we have a wonderful potential for automobile and personal loans in our own savings department among our several thousand savings customers," reports THE CITY BANK AND TRUST COMPANY, Milwaukee, Wisconsin, "and we have made it a point periodically to mail to them literature and blotters informing them that a personal loan may be obtained in our instalment loan department. Results have been quite gratifying. Our blotters are the same as our billboards and streetcar and bus advertising throughout the city."

The bank is also sponsoring a "Town Meeting of the Air" through a local station. This program has been very well accepted by the general public and has done the bank a great deal of good from an institutional standpoint, as well as helping the instalment loan department.

"In our sales contacts with the various dealers who qualify for the FHA Title I plan," the letter states, "we have prepared a pocket-sized kit which contains applications and rate chart to be used by the dealers' salesmen. This kit is prepared in convenient form, so that it is quite easy and handy to use, and we feel that this is an additional tool with which the salesmen can work. Our FHA Title I volume has grown considerably in the past year and we have high hopes that its growth will continue. Experience has taught us that the only way in which to build a volume of dealer paper is to have outside salesmen to contact the dealers continuously, as here in Milwaukee our competition is quite keen.

"In our lobby, we use a display board, as well as window displays, inasmuch as our instalment loan department is located on the ground floor on a main street, and we feel that attractive window displays create considerable interest, as well as produce reasonable results.

"We feel that consumer financing will become a 'must' with most all banks, inasmuch as experience has taught us there is no better credit risk than the home owner, or the individual who maintains a bank account. We believe each

(CONTINUED ON PAGE 108)



CHARLES PHELPS CUSHING

Third in a series of famous skylines—Downtown business section of San Francisco with the landmarks of the Ferry house (at left) and the Bay Bridge to Oakland

## H. EUGENE DICKHUTH

*The author is a financial writer on the staff of The New York Herald Tribune.*

**T**HE main question arising from the February break in commodity prices was whether the bursting of the inflationary bubble would carry throughout the economy, affecting the investment markets, or whether it was an adjustment which had been discounted in other trading areas.

Part of these questions might well be answered by a look into the past. Stocks reached their postwar high in May 1946, more than 19 months prior to the 1948 dip in grains. Since that time equities have seesawed. The pattern after World War I was similar when stocks also reached their postwar peak ahead of commodities, but only seven months previously. In both instances, therefore, equities seem to have discounted or anticipated the development in commodities. Hence, short of a general panic or depression, there is no reason to expect the stock markets to be affected too adversely in the near future.

### Reasons for Commodity Declines

The price decline in wheat, corn, soybeans, etc., was generally attributed to a combination of circumstances. In the first place, there was a sudden and almost universal realization that world food conditions were not quite as bad as everybody had been led to believe. The mild Winter led to higher crop estimates throughout Europe and the unusually heavy snow was a bonanza to certain farming areas in this country, protecting winter crops from the severe frost. An additional element was the possibility of a substantial cut in food-stuffs earmarked under the European Recovery Program. Lastly, as quotations fell, substantial grain supplies, heretofore thought non-existent, came out of hoarding. They had been held for still higher prices while the market was going up and they were offered for sale suddenly.

It confirmed the old axiom that the majority will always buy when prices go up and sell when they go down, regardless of whether farmers are involved or investors in securities. Such majority actions, of course, aggravate movements in either direction, and this is one of the contributing factors that make markets unpredictable.

While most of the price drop was accounted for by grains and cotton, every component of most commodity indices reached lower levels, except the non-ferrous metals, eggs and cement. Livestock and foods were off sharply and hides, linseed oil, sugar, flour, lard, butter, hogs, cattle, lambs and wool weakened in sympathy.

### Inventory Position

A sustained decline would involve many inventory positions. Instead of inventory profits, a substantial component part of business earnings in the last two years, there might be losses. However, numerous concerns—notably grocers—were not surprised by this development and had pared their raw material and merchandise stocks to a hand-to-mouth basis.

Since commodities are pivotal in the entire economic structure of the country, a gradual lowering of prices on all goods derived from such raw materials would seem to be in the cards. This should prove to be a decided break in the generally inflationary tendencies prevailing heretofore. It should also obviate the necessity of many bank loans, which became necessary during a rising trend of prices. Indeed, one school of thought already maintains that the nation's number one problem in 1948 may be deflation, not inflation.

Others continue to see the commodity break as merely a temporary setback. They base their opinion on the huge demand for goods and services throughout the world and on such factors as the European Recovery Program which will continue high production and scarcity in many lines here. Another anti-deflationary factor is the total of some \$14.9

billion of capital expenditures which industry has earmarked for expansion this year. A recent survey by McGraw-Hill Publishing Company in 95 industrial cities indicates that most companies would carry through these plans despite a possible drop in activity of 20 percent and in spite of a third round of wage increases. The 1948 figure compares with \$16.1 billion such outlays in 1947.

### Capital Expenditures in 1949

There are a number of related elements which it may be well to bear in mind. By the end of 1948, 85 percent of industry's postwar expansion program will have been completed. Hence 1949 capital expenditures will be appreciably less. Moreover, after completion industrial capacity will be 50 percent greater than in 1939.

So far as the capital markets are concerned, it should be noted that, according to present plans, more than 80 percent of the \$14.9 billion capital expenditures are planned to be raised from earnings, depreciation reserves or surpluses. Only some 16 percent of requirements, industrialists indicated, will be sought in the investment market or from banks, but utility companies and railroads plan to raise more than half of the necessary funds through loans or securities sales.

Since capital expenditures have always been an important stimulus for overall business activity, it stands to reason they will have the same effect this year, provided they are executed and not suddenly discarded for feelings of uneasiness or panic. Whatever the final outcome of the inflationary and deflationary forces now at work, it seems unlikely at this time that the continuous 1947 spiral will be duplicated in 1948.

The government securities markets remained relatively quiet at unchanged support levels. The shifting of Marriner S. Eccles to vice-chairman of the Federal Reserve Board and appointment of Thomas B. McCabe to the chairmanship, it was felt, would not change the policy of the Federal Reserve Open Market Committee to support the market vigorously. There is no question in informed quarters that it needs that support.

### The Rise in Required Reserves

The rise in required reserves for the central reserve city banks in New York and Chicago from 20 to 22 percent, effective February 27, was expected to withdraw about \$420 million in New York and about \$100 million from institutions in Chicago. They will thus have less lendable funds and the money market should tighten somewhat as a result of the measure. At the time the increase was announced, it was hinted that requirements may be boosted gradually to the legal limit of 26 percent. This, however, was before the crash of commodity prices and it is by no means certain that further increases will be made soon.

The pressure in the government bond market originally came from insurance company selling. These large holders needed cash for investment in higher yielding mortgages and corporate obligations. Apparently, they also anticipated their investment demands somewhat. As the support levels dropped, a number of trusts and pension funds also appeared as sellers of long-terms. This was fairly logical, owing to the uncertainty of the situation and to unwillingness to set up reserves against government portfolios in case prices should drop under par. Unless clear-cut statements are made by the fiscal authorities as to what their plans are, continued selling pressure must be expected.

## Four Samples of

Mr. HENDRICKSON is vice-president and treasurer of the Empire City Savings Bank, New York.

FOR several years a committee of the Auditors' and Comptrollers' Forum of the Savings Banks Association of the State of New York has been studying cost procedure for savings banks. Some of the banks represented on this committee have practiced what they preached and now know what it costs them to do business. The figures shown in the accompanying schedule represent latest cost figures for two banks with assets between \$50 million and \$100 million, a medium sized one and also a large bank. There are other costs determined but not shown in this comparative set-up because of the fact that (a) all banks do not render the same services, such as Christmas clubs, school savings, payroll deductions and so on, and (b) there are circumstances which eliminate fair comparisons. For instance—in connection with Christmas clubs—banks use various systems, and cost information is not available in connection with this activity.

While there is some variation in the figures shown, if allowance is made for definitely higher expenses in 1947 the differences are not so great that these cannot be accepted as normal costs for most savings banks.

MOST of us are quite proud of our own shops and consider them to be thoroughly sound, but, strange to say, surveys show that, within a reasonable range, conditions are similar in all savings banks. Accepting this as true and applying the costs shown to certain activities, we see a picture that needs study and a remedy.

One of the banks whose costs are shown has 65,000 depositors, 17,320 of which have accounts with insufficient balance to earn enough to pay maintenance and size cost (with no deposit, withdrawal or check cashing activity included). There are 22,328 accounts (or over one-third of all accounts) whose balances do not warrant their carrying cost and the payment of interest dividends (exclusive of any activity).

These accounts amount in total to only about 2 percent of the deposits in dollars, but they make 85,200 deposits and draw 67,500 drafts a year (not to mention the large number of checks cashed), which constitutes 42 percent of deposit and withdrawal activity.

This bank receives an average cash fee of 10 cents for each traveler's check sold and it costs that amount to handle each one of them. As for foreign drafts and cables, the cost is prohibitive as compared to fees received.

The mortality in new accounts within 12 months from the date of opening is in the neighborhood of 30 percent.

And so it goes, with earnings decreasing, expenses increasing and interest dividends at the lowest point in the history of savings banks.

Savings banks must be businesslike in their approach, and must not serve one group of depositors at the expense of another. Commercial banks had to do something about similar conditions 10 years ago. Perhaps savings banks should profit from their experience.



# Savings Bank Costs

GILBERT R. HENDRICKSON

Type	Time studies, 10 banks (seconds)	Bank "A"—1947				Bank "B"—1946		Bank "C"—1946		Bank "D"—1946	
		Cost	Average actual time (seconds)	Total items to be handled	Cost	Total of items handled	Cost	Total of items handled	Cost	Total of items handled	Cost
Maintenance cost (including cost of one deposit)		.90	252	65,232	1.35	72,428	1.02	261,967	.95	207,651	1.34
Size cost (per \$100 of balance)		.11			.10		.08		.086		.13
Regular window deposit (excluding time of partially cashed check)	50 to 60	.26	60	194,948	.32	279,839	.29	858,147		414,408	.35
Mail deposits (including deposit time)	310	1.09	300	6,034	1.61	11,617	1.41		.27	196,221	.43
Regular withdrawals (signature on ledger card)	55 to 65	.26	66	147,983	.35	144,563	.38	519,677		188,522	.38
Mail withdrawals (including withdrawal time)	315	1.00	304	2,200	1.63	5,985	1.42		.30	13,303	.53
New accounts (time of opening at window only)	200	.55	200	12,030	.72	14,104		49,259		27,110	.79
New accounts (time of handling first deposit)		.12	45	12,030	.16		1.04		1.63	6,108	2.47
Tellers' checks	100	.23	94	12,960	.12	15,629	.15	60,318	.20		
Checks cashed in full (for depositors only)	45 to 55	.21	61	68,488	.25	31,548	.18	425,036	.21	206,484	.28
Checks cashed in part (remainder deposited)	10	.05	19	30,228	.08	18,643	.08				
Collections (including time receiving, forwarding and paying)	600	1.28	546	364	.84						
Money orders	75 to 85	.19	86	6,600	.07	26,370	.08				
Travelers' checks (per check)	30 to 40	.07	33	6,830	.10			45,410	.20	128	.09
Department of State letters (including notary)		2.60	449	952	1.84			34,179	.10	827	.09
U. S. Savings Bond sales	225	.35	230	4,310	.52	58,931	.36				
U. S. Savings Bond Safe-keeping "In" (controlled)	215 to 225	.50	507	770	.82			28,943	.44	8,875	.45
U. S. Savings Bond Safe-keeping "Out" (controlled)		.71	495	650	.87			12,321	.19		
U. S. Savings Bond Cashed (depositors only)	101	.24	105	21,260	.13	42,583	.21				
Safe Deposit Boxes (per entry)		1.03		12,500	.93			160,359	.40	29,522	.45
Investment Cost											
Securities					.00013		.00040				.00016
Collateral Loans					.016		.06				
Mortgages					.0044		.0088		.0036		.0057
Average—All investments					.00169		.0028				.0024
Earning Data—Average rate on total assets (not including recovery charges, fees for travelers' checks, money orders, payroll deductions, Savings Bonds or safe deposit boxes)					.0282		.0289		.0283		.0290*
(1) Average Rate after franchise tax (operating) amortization, mortgage finders' fees, size cost and loss reserves					.0258		(Finders' fees .0260 not deducted)		.0252		.0234*
(2) Average rate after franchise tax (operating) amortization, mortgage finders' fees, size cost and loss reserves and investment cost					.0241		.0232		.0216		.0210*
Interest dividends—1½ percent on balance of \$25 or more—effective rate (Bank "A")					.0138		.0135	(2 percent bank)	.0191		.0144
Minimum average balance required to cover maintenance cost using earning rate (No. 5)		Approx. \$60.00				\$47.00		\$48.00			\$73.00
Minimum average balance required to cover maintenance cost using earning rate (No. 5) and interest @ 1½ percent		Approx. \$120.00				\$110.00		(and interest at 2 percent) \$145.00			\$152.00
Annual reserve for future mortgage losses out of current earnings			.0008			.0021		.0014			.0023
Annual reserve for future mortgage losses out of current earnings (actual on total of conventional mortgages)			.0025			.0075		.0050			.0075

\* This bank reserves profits on bonds and spreads proportionately to annual earnings. Premiums on bonds are charged off—Adjustment .0038.

Note:—Banks "B," "C," and "D" figures are for 1946, and, with substantial salary increases in 1947 due to living costs, salary adjustments and other increases in expenses, these figures should show a sizeable increase. In the case of three of the banks, 1946 figures are the latest available for this purpose, and, it is believed, sufficiently near 1947 costs to be valid for purposes of comparison here.



4-H boys give their beef cattle a manicure and shampoo preparatory to showing them in an Oregon fair contest

## Oregon's Successful Youth Program

THE Oregon Bankers Association is credited by bank, agricultural and governmental farm youth activities authorities with having one of the most effective farm youth assistance programs in the country.

Consistent financial and leadership support to the farm youth work in Oregon is one of the big reasons why the Oregon Bankers Association has achieved an 18-year record of winning the 1000-point agricultural assistance award offered to state bankers associations by the Agricultural Commission of the American Bankers Association. The Oregon banks find that their support of youth activities not only builds better farmers and a sounder agricultural economy, but that it also has tremendous public relations value to the banks.

### Increased Budget

Walter H. Banks, vice-president of the First National Bank of Eugene, and chairman of the OBA's agriculture and forestry committee, stated recently when offering his committee's recommendation that the association's farm youth activities' appropriation be increased from the 1947 total of \$2,917 to \$4,630 for 1948, that "there is no doubt that the money has been wisely spent." He also said that the OBA program has had "a tremendously favorable influence in continuing the interest of the young people in the agricultural sections in better farming and better living." The committee's increased budget was approved.

The interest of the Oregon banks in 4-H club and FFA work is not a recent development. Long before the passage of the Smith-Lever Act in 1914 authorizing the 4-H program the association supplied personnel to stimulate interest of boys and girls in industrial work, to encourage their partici-

pation in various agricultural and home economics activities, and to have exhibits at county and state fairs. Nevertheless, their greatest contribution is being made at the present time, according to L. J. Allen, state 4-H leader. "Their program has expanded rapidly during the secretaryship of Elwain H. Greenwood," Mr. Allen said.

### 4-H Support

Comparable assistance is given to the FFA and the 4-H, the OBA's benefactions being tailored to fit the programs of the respective groups. 4-H Leader Allen summarizes the 4-H Club activities which the association is presently supporting on a statewide basis, as follows:

The association awards annually a permanent trophy to the 4-H Club girls in the state showing the most outstanding leadership; for the state style review held annually during the Oregon State Fair, the OBA provides cash awards

Bankers, Future Farmers, 4-H Club and Oregon State College representatives attending a meeting in Portland to hear the agriculture and forestry committee of the Oregon Bankers Association present its 1947 youth work report and outline its 1948 program



for 15 or 20 girls in the blue ribbon class; it gives 2,400 local 4-H leaders yearly subscriptions to the *National 4-H Club News*; it sponsors an assembly on the campus of the Oregon State College for about 2,000 4-H leaders, members, and extension agents with entertainment by well-known artists; and its members assist with several statewide 4-H broadcasts each year during April and May.

At the local level, Oregon banks support a variety of other 4-H activities, including the following:

On recommendation of county club agents or extension agents in charge, banks extend credit to 4-H members for projects involving the purchase of livestock, poultry, improved seeds, etc.; they award 4-H summer school (at the Oregon State College) scholarships to boys and girls who have done meritorious work on 4-H projects; many banks stimulate interest in corn and potato growing by furnishing seed and offering awards for the best specimens grown and shown in exhibits in the banks' lobbies; and still other banks sponsor wool growing and improved livestock breeding by awarding prizes for the best wool exhibited in lobby shows and by providing purebred sires for 4-H member use.

The Commercial National Bank of Hillsboro is credited by Mr. Allen with leading the field in visual education. W. C. Christensen, a member of the A.B.A.'s Agricultural Commission, is president of the Commercial National. This and other banks furnish movie equipment and operators to color-film superior 4-H member achievements. The movies are shown at local meetings to stimulate parent, public and member interest in the 4-H work.

Oregon has 24,000 4-H members and 2,400 volunteer workers. The United States National Bank of Portland is now providing successful leadership pins for the volunteer workers and, beginning with 1947, the First National Bank of Portland and its affiliates furnish achievement pins for 4-H members.

While some banks defray the expenses of 4-H and FFA leader and officers who attend local and state conferences, others, and in some case the same banks, cooperate in giving leader banquets.

In addition, the 4-H work is supported by Oregon bankers in a variety of other ways. They purchase purebred stock at 4-H auctions; farm representatives visit 4-H projects and take part in club tours where several members, accompanied by parents and businessmen, visit other 4-H members; they act as 4-H leaders; and they serve on advisory councils, fair boards, and other committees. For example, A. L. Mills, Jr., first vice-president, United States National Bank, Portland, represents 11 western states on the National Committee on Boys and Girls Club Work.

Two activities, senior club and farm accounting, heretofore sponsored by the Oregon banks on a statewide basis, have been discontinued and two new projects substituted, namely, soil conservation and summer school scholarships for demonstration teams at the state fair.

### Support to Future Farmers

R. L. Morgan, supervisor of agricultural education in the Oregon Department of Education, summarizes below the Oregon Bankers Association's statewide assistance to the Future Farmers of America:

The association sponsors annually a pig litter contest, which was responsible for doubling, in 1947, the number of litters completing the contest three years earlier when the

(CONTINUED ON PAGE 82)

Oregon banks have financed the purchase of more than \$50,000 of farm machinery for FFA chapters. Above, a salesman completes a contract for the purchase of a tractor for an FFA chapter



Ex-GI John Sitton—an FFA member—works in his farm shop, equipped with lathe, grinder, forge and anvil, drill, acetylene and electric welding, and other equipment. The Oregon Bankers Association sponsors an annual farm mechanics' contest



Homemaking is a valued part of 4-H Club activities for girls. This interested group of teen-agers is getting instruction in child care at a 4-H Club summer school

★

Mrs. Hilda Lahti, of Clatsop County, Oregon, receives a 25-year 4-H leadership pin from United States National Vice-president Mills





Above, line-up of the fat steers in the arena



## Scramble for Calves

*Much of the information in the following article was sent to BANKING by W. O. COX, manager of the Houston Fat Stock Show and Livestock Exposition. Mr. Cox believes that this year's show, the 16th in Houston's history, was in many respects the most successful ever held. Much of this success is due to the two events described below and the enthusiastic sponsorship of them by local bankers and business men.*

SIX years ago the Houston (Texas) Fat Stock Show and Livestock Exposition inaugurated a novel idea—the calf scramble. At that time 24 calves were used and 48 boys “scrambled.” The idea became popular, providing, as it does, top-notch entertainment for the rodeo crowd. This year 161 calves were donated by banks, organizations and individuals as prizes for the 322 boys (twice the number of calves) who participate.

The calf scramble, to which Houston banks contributed  
(CONTINUED ON PAGE 92)

*Left, one of the boys takes his calf across the finish line*

*Below, some of the girl contestants in the milking race*





# News for Country Bankers

Merchandising . . . Bank Operations . . . Legislation . . . Research . . . Better Farming

## A.B.A. Asks Increased Rate on CCC Loans

**A**n increase in the interest rate allowed to banks handling Commodity Credit Corporation loans is being sought by Joseph M. Dodge, president of the American Bankers Association.

In a brief filed with the CCC some weeks ago by Mr. Dodge, it was pointed out that "the only compensation received by the banks for their services in making these loans has been a portion of the interest collected." He said that "at the outset of the program banks received as high as 4 percent on these loans," but that "since then the interest rate has been whittled down to a point where only 1½ percent per annum is retained by the banks or lending agency of the 3 percent which the producer pays."

"This rate is too low a return to the banks as compensation for their services in handling these loans without considering also the savings for the Commodity and to the Government," Mr. Dodge said.

"While it is true that the individual loan guaranteed by Commodity has increased to about twice the size it was a few years ago, at the same time the volume is less. Thus, the actual revenue received by the banks has not increased proportionately with the increase in the size of the loan. Furthermore, it is likely that in the future the size of these loans will decrease more rapidly than the volume will increase."

In a letter accompanying the A.B.A.'s brief in support of increased rates on Commodity Credit loans, Mr. Dodge said that the banks were willing to handle these loans during the war as a contribution to the war effort, but that since the end of the war the Association has received complaints from many member banks, particularly small country banks, that the 1½ percent which they are permitted to retain is entirely inadequate.

Members of the Subcommittee on Agricultural Credit of the Committee on Federal Legislation of the A.B.A. met in Washington recently and while there called upon officials of the Commodity Credit Corporation to discuss the A.B.A.'s position with respect to an increased allowance on CCC loans and to press for an early decision. Those present at the committee's Washington conference included: Chairman John N. Thomson, who is vice-president and cashier, Bank of Centerville, South Dakota; John H. Crocker, vice-president, Citizens National Bank, Decatur, Illinois; E. L. Job, president, Community National Bank & Trust Company, Knoxville, Iowa; Charles T. O'Neill, vice-president and trust officer, National Bank and Trust Company, Charlottesville, Virginia, who also is chairman of the A.B.A. Agricultural Commission; William B. Schiltges, first vice-president, Fletcher Trust Company, Indianapolis; N. V. Torgerson, president and cashier, Farmers State Bank, Adams, Minnesota; A. G. Brown, deputy manager of the A.B.A. and Agricultural Commission director; and J. O. Brott, A.B.A. assistant general counsel.



Members of Subcommittee on Agricultural Credit of the Federal Legislative Committee of A.B.A. at a Washington meeting. *Left to right, seated, Messrs. O'Neill and Mr. Thomson; standing, Messrs. Job, Schiltges, Torgerson, and Crocker*

## Farm Youth Manual

The Committee on Youth Activities of the Agricultural Commission of the American Bankers Association met in Chicago late in January to consider the content of a farm youth activities manual which the committee contemplates publishing. Warren Garst, cashier, Home State Bank of Jefferson, Iowa, and chairman of the committee, presided over the meeting.

Besides Mr. Garst, those attending the meeting included: William C. Christensen, president, Commercial National Bank, Hillsboro, Oregon; Dr. O. B. Jesness, chief, division of agricultural economics, University of Minnesota, St. Paul; Dr. E. C. Young, dean of the graduate school, Purdue University; C. W. Bailey, president, First National Bank, Clarksville, Tennessee; Eric Holm, state 4-H Club leader, Purdue University; R. A. Turner, representing 12 Central States in 4-H Club work, Extension Service, Washington, D. C.; John Farrar, director, public relations and information, Federal Security Agency, Washington, D. C.; and Leslie E. Troeger, National Committee on Boys' and Girls' Club Work, Chicago.

In addition, several A.B.A. staff members attended the meeting, as follows: Deputy Managers A. G. Brown, John B. Mack, Jr., and Robert W. Kneebone; Lester Gibson and John DeJong, director and assistant director, News Bureau; Edgar T. Savidge, of the Agricultural Commission; and George Updegraff, of the Chicago office.

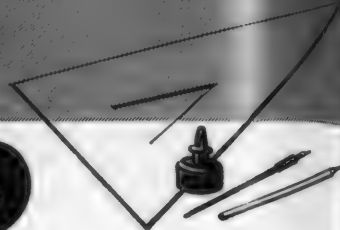
The general outline of the manual will be about as follows:

(1) Why banks should take an interest in youth activities; (2) Bank case studies; (3) Case studies of boys and girls, results, benefits to bank; (4) catalog of things a bank can do; (5) things both county and state associations could do—"What has been done"; (6) suggested basic or minimum youth program for a country bank; (7) suggested project

(CONTINUED ON PAGE 81)



## BUILDING for the Future



# "Friendly" Counters Can Still Be Safe

AARON G. ALEXANDER

*What are the architectural problems a bank faces when it plans a new building or modernizes an old one? In this article Mr. Alexander, who has had many years' experience in designing banks, discusses some of them, particularly in connection with counterscreens and teller units. In future issues of BANKING other problems will be examined.*

WITH a roll of drums, the radio symphony orchestra ends. Then the announcer: "This music comes to you through the courtesy of the G.B.I.W. Bank, which invites you," etc:

The ads in the buses appeal to you to acquire a "Special Checking Account—No Charges," etc!

At home letters from the bank entreat you to "Paint the House," "Buy a Car" or "Enjoy a Vacation"—on easy terms.

Yes, banking has changed. Why, even upon entering the bank you find an information desk where you are directed to a vice-president whom you can see that same day without the aid of four or five influential friends.

And the place is cheery. You can actually see the tellers behind the counterscreen!

The premises are well lighted and, believe it or not, you can write with the new pens, even though they are chained to the desk (for your inconvenience!).

Some of our modern banks have floor areas furnished like lounges where one may meet a friend for a luncheon date, smoke a cigar, read the daily papers, or pass the time of day with friends. There are even private offices with stenographic service for the visiting customer, and for business conferences.

And so Mr. John Public today finds himself invited to come in and see the new bank, receive a carnation, have a cup of coffee and talk over his problem; whether he is a manufacturer, farmer, butcher, baker or candlestick maker, he will find a friendly welcome.

The writer, who has been intimately connected with bank designing for years, can look back to the old days when a bank building was a collection of massive columns. The banking room was two stories high, faintly lit, filled with

high marble and bronze counterscreens, plush carpet and drapes, deadly roll-top mahogany desks and solemn guards, giving the impression that all that was needed was a rubber plant! The transition has certainly been in the direction of progress.

Another commendable trend is the effort to design the bank to fit into the community and reflect the character of its surroundings.

Many intricate items enter into the proper functioning and efficiency of the modern bank. Among these are the proper location relative to the movement of traffic and growth of the town. Shall the bank that needs more room alter or erect a new building? What are the space requirements and the prospective business? What services must be provided for? What should be the locations of such departments as personal loan, special checking, Christmas club, consumer credit?

Also to be considered are the necessary working facilities for all the departments, their space, with allowances for anticipated growth; facilities for the welfare of employees; soundproofing, fluorescent lighting, air conditioning, floor covering, type of desks.

LET'S assume that you're planning to build a new bank or to remodel the old one. What are some of the architectural problems you must answer?

We'll start with the counterscreen. There is a tendency to break down some of the fundamental security precautions of our older banking customs in an effort to sell banking to the public, and to create a neighborly feeling. In some designs the counterscreen is changed from the old-fashioned, high, completely enclosed teller unit to a new modern, low-type design, 5' x 6" high, made of wood and clear glass; in some cases it's just a counter 4' high with no wickets, glass and no segregation of tellers.

Now the old-fashioned 7-foot counterscreen had some advantages. Among these was adequate lighting above the eye of the teller which provided his working counter with an even flood of light. With the old obscure glass he was not

(CONTINUED ON PAGE 62)

## Burroughs Bank Bookkeeping Machine— used by more than 14,000 banks

By their orders—and repeat orders—banks continue to express their preference for Burroughs Bank Bookkeeping Machines. No other bank bookkeeping machine has so proved its efficiency and value.

WHEREVER THERE'S BUSINESS THERE'S

# Burroughs

THE MARK OF SUPERIORITY  
IN MODERN BUSINESS MACHINES



(CONTINUED FROM PAGE 60)

disturbed or bothered by movement of others outside his cage. On the exterior, or to the client's eye, there was a sense of security, a feeling of distinct responsibility on the teller's part, and therefore the bank's. Although the customer could only look through the wicket to see the interior of the teller's cage, he saw his teller completely segregated from all other tellers and other parts of the bank. I sometimes wonder if discarding all this is entirely in the best interest of banking.

To my mind, the change from this 7-foot box-like cage counterscreen in favor of the modern type has some good points, but only to a certain degree. I don't favor the extreme, low-counter, with no glass or wickets.

This new trend toward creating a more friendly feeling between customer and teller can be accomplished without discarding all the protective banking standards fostered for years. One way to achieve this is to install adequate overall lighting. The public space, the officers' platform and the tellers' cages all become as one unit and the premises, to the customer's eye, present a uniform appearance instead of a series of light spots, as in the dimly lit room of the past.

Under this overall lighting a 30- to 50-foot candle is not disturbing, and as a matter of fact, when the entire room is scientifically laid out, the effect on the working staff is most efficient and the customer feels his bank is showing progress.

On the other hand, the banker who goes to the point of eliminating the wickets, glass or other barrier between his public and tellers, using only a low counter similar to a store counter, is to my mind not inviting confidence. I don't subscribe to this type of counter. Although the banker may think it suggests a friendly welcome, remember that it may not give the customer the feeling of proper security he expects.

There are still many customers who regard their bank as a place of safe keeping. These people feel they are entrusting

their savings to the banker, and when they see the open counters with a lot of money in plain view, they may lose some of their feeling of security.

Again, many don't like to have their neighbors standing next to them eyeing the amounts of their deposits and withdrawals, which this low counter makes so plainly visible.

The banker's obligation to his customers to render a service does not include the necessity of turning the bank into a store. The banker should take normal precautions to protect his clients' funds. I don't think he is doing this when he installs a counter where a tall man may either reach over or through an opening to where he can pilfer what's on the counter.

In the sketch details the type of paying and receiving teller's cage I favor is indicated. It is based on a 5' x 3" space between wickets, which experience has shown is essential for handling customers. There are approximately 20 square feet inside the cage, giving ample space for the teller to have freedom to move around. Bear in mind the teller is in his cage for three- or four-hour periods—and elbow room is good for the morale.

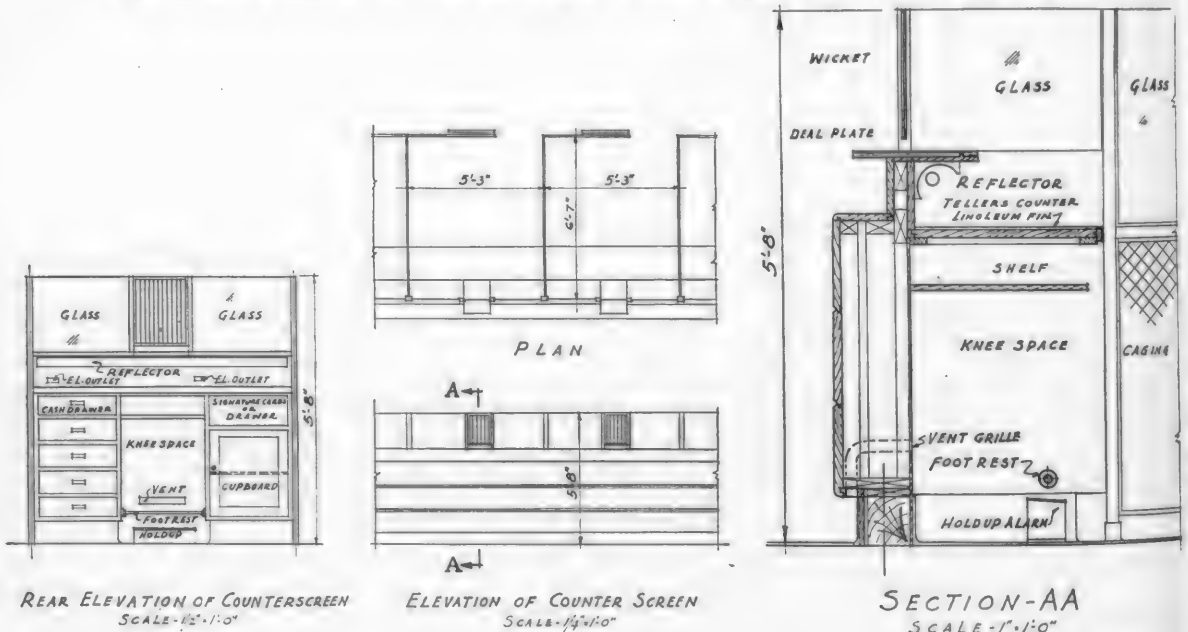
The teller's counter is at the front only; all his working facilities are directly before him, making it unnecessary for him to turn away from the person he is serving. With a top cash drawer, each side, it serves both a right- or left-hand teller.

The design of the teller's counter, with additional drawers on one side, open knee space under the counter, and cupboard on the opposite side, gives ample room for the facilities for all teller's service. In the knee space is located the hold-up alarm connection. It also provides comfortable space for the teller to rest when sitting on a stool.

I do not favor large quantities of money for each teller's cage—rather, the system of the head teller having the largest

(CONTINUED ON PAGE 64)

Here is a detail drawing of the counterscreen Mr. Alexander describes. Section A-A at the right is a cross section of the teller unit as seen from Point A on the drawing in the middle. On page 64 there's a photograph of the unit





Give your customers the added advantage of . . .  
**THE BEST KNOWN NAME IN PAPER**

ON HAMMERMILL!..  
FINE, THAT'S A  
NAME I KNOW!

YES, THEY'RE  
OUR NEW CHECKS,  
MR. CLARK



IT is with a smile of friendly recognition that your customer notices the Hammermill Safety surface design on his checks. He knows the name well. He uses Hammermill papers in his business, for letterheads and essential forms. The name itself means integrity and reliable service to him.

Checks on Hammermill Safety, therefore, are a continuing, unobtrusive

factor in good public relations . . . a reminder that even in the matter of choosing paper, sound judgment guides your bank management. We'd like you to know this fine check paper better. A note on your bank letterhead will bring samples. Just address Safety Paper Division, Hammermill Paper Company, 1501 East Lake Road, Erie, Pennsylvania.

*Safety Paper Division  
Hammermill Paper Company*

(CONTINUED FROM PAGE 62)

amount, and the others calling on him for additional cash when necessary. Usually the head teller has a double cage or a 10' wide section.

The deal plate and wicket should be raised above the teller's counter as a matter of protection. It is relatively easy to fish out packages of money with wire or other means, when the deal plate is on the same level as the teller's counter. Additional glass or other protection should be provided to at least a height of 5' x 6".

The teller is separated from his fellow tellers by a 5' x 6" partition to give him responsibility as well as protection. His cage door has a key-operated lock on both sides. His cage becomes his responsibility from the moment he enters until he leaves.

**T**HE type of glass, clear or obscure, is a matter of preference. If the bank has a low ceiling, I like the clear glass; still, the obscure glass has a point or two in its favor. One is that it seems to divide the teller from the bank and therefore, in the eye of the customer, suggests security. Again, it gives the client some privacy in his transactions with the teller, as his next neighbor is not able to observe his deposit or withdrawal. It also eliminates distractions; the teller only sees the person he is serving.

Look at the illustration of the type of teller cage just described. Note the deal plate and wicket above the teller's counter. The counter is of ample size and covered with metal-edged linoleum for breaking wrapped coin. Ample silver is kept in the coin counter for normal service; the balance is in one of the drawers. The cash drawer for loose bills is at the right, with four other drawers for package bills, etc. On the left side is a sliding signature control card index (optional).

Below is a cupboard where checkbooks and teller's cash box are stored. Note the ventilation grille in the knee space, as well as foot pedal connected to hold-up alarm siren. Incidentally, the light at the right is a pilot showing the alarm system is alive.

Summing up, I place the customer's protective interest above the extreme modern attempt to create friendly feeling. The teller has his specific duties and when a customer gives him his money he likes to feel it's protected. Let the officers and others do the greeting.

Often tellers' cages, such as those in the loan and dis-



A view of the teller's cage showing cash drawer, knee space, day raid alarm, round deal plate, wicket and glass superstructure, and large cupboard for forms, checkbooks, etc.

count, securities, compound interest departments, should be designed on the same 5' unit space, so as to conform to the overall design, but of course each has separate requirements as to ledgers, typewriters, posting machines, tubes, files, etc.

The main caution is to locate them in places where they can best handle the business.

There are probably many other ways the banker can create a modern bank interior without discarding fundamental security measures that have stood for years.

And don't forget, Mr. Banker, the insurance company can't repay the loss of confidence a bank may experience should a hold-up occur.

## Bank Postpones Building

The high cost of materials and construction have led the Western Savings Fund Society of Philadelphia to cancel its plans to erect a modern office and bank building on a site at the southeast corner of Broad and Chestnut Streets.

P. Blair Lee, president of the Society, said that plans to demolish the 17-story structure now on the site had also been cancelled by the board of managers.

"Since the purchase of the Real Estate Trust Building by the Society early in 1945, building costs have risen drastically," Mr. Lee said, "and the trend is still upward. The estimated cost of the proposed building is now such that it has been decided not to build."

Instead, the Society will alter the lower floors of the pres-

ent structure and move its central office there when the improvements have been completed.

## California Home Show

The first home show in northern California since before the war will be held in San Francisco's Civic Auditorium, April 7-14.

The exhibition, one of the largest in the nation, will use more than 80,000 square feet of floor space. It is being sponsored by the San Francisco Real Estate Board and the Associated Builders of San Francisco, Inc.

Plans for the exhibits include model homes, completely furnished, which will be set up on the display floor. Gardens will provide a touch of realism.



## EFFECT OF "DAYLIGHT SAVING" ON CONTRACTS

A HAIR-SPLITTING decision of the Court of Chancery of New Jersey holds that performance of a contract must be measured by the time in official use in the state when the contract was formed, not by that in effect when the contract must be performed.

In question was a contract to sell realty on "May 1, 1946, at ten o'clock in the forenoon," which specified that "time is of the essence." The contract was made in 1945 when New Jersey's official time was Eastern Standard. The state thereafter adopted Eastern Daylight Saving Time and that was the official time in use on May 1, 1946. On that day the defendants appeared, ready to sell, at 10:00 A.M. Daylight Time. It appears that plaintiffs made an effort to appear at that time, but did not. Defendants departed, claiming that plaintiffs had defaulted. Plaintiffs then arrived and waited around until sometime after 11:00 A.M., but defendants did not return.

When plaintiffs sued to compel defendants to sell, the court ordered the sale on the grounds that defendants, not plaintiffs, had defaulted. It was declared that application of the daylight saving law would shorten the duration of the contract by one hour and, by thus changing "the intention of the parties," would impair the contract in violation of the state constitution. Thus the standard time in use when the contract was formed was held to govern, and 10:00 A.M. Eastern Standard Time (11:00 A.M. Daylight Time) was held the "proper time" for performance. *Kilpatrick v. Lefkowitz*, 56 A.2d 824.

## FORGED CHECK STATUTE

A Texas modification of the A.B.A. recommended Payment of Forged or Raised Check Statute has received its first judicial interpretation in a suit by a surety company to collect the value of certain checks, bearing forged indorsements, which had been paid by a defendant bank.

The surety company had paid the amount of the forged checks to the bank's depositor and the federal district court for the Northern District of Texas granted that it thereby became entitled to enforce all the rights of the depositor against the bank. The court pointed out, however, that the statute required a depositor to make his claim within one year from the time a forged check was paid, and that the checks in question had been paid several years previously. Since the depositor was thus barred from recovery, the surety was barred, and the surety's contention that the statute was enacted only for the benefit of depositors and so did not bar its claim was dismissed by the court as "an atomic attack upon common sense."

The court also rejected this contention of the defendant: the depositor could have recovered either from the bank or the surety; it elected to recover from the latter and, under the doctrine of election of remedies, should then be barred from recovering from the bank; the surety stood "in the depositor's shoes" and hence should also be barred from recovery. *U.S. Fidelity & Guaranty Co. v. Beall*, 73 F.Supp. 977. *P.D. Forged Paper* §§2B; 17, 9.

## NON-LIABILITY CLAUSE IN STOP-PAYMENT ORDER

In another stop-payment case the South Carolina Supreme Court has found it "unnecessary" to rule on the question of whether the common law liability of a bank for paying a check in disregard of the drawer's instructions may be limited by contract so as to relieve the bank from liability for negligence.

The case involved a suit by a depositor to recover the amount of a check paid by a bank, admittedly by mistake, after receipt of a stop payment order form, prepared by the bank, which contained the following provision: "Should you pay this check through inadvertence or oversight, it is expressly understood that you will in no way be responsible."

The depositor alleged that the check was negligently paid by the bank. The bank in its answer denied negligence and as a further defense set up the provision relieving it from responsibility. The trial court, without passing on the question of negligence, ruled that the provision relieved the bank of all responsibility on account of negligence, and ordered judgment for the bank. The plaintiff appealed, contending that the provision was not only without consideration, but void as against public policy.

The Supreme Court reversed the trial court's field by considering questions of negligence without passing on the question of the validity of the disputed provision. It held that the depositor had stated facts sufficient to prove negligence without offering any evidence of the facts surrounding payment of the check, since she could not be expected to know those facts. The burden was therefore upon the bank to overcome the depositor's case by showing that it acted in good faith and used all reasonable efforts to comply with the stop payment order, since it had the exclusive means of knowing why it paid out her funds contrary to her instructions. The bank offered no evidence.

As to the provision absolving the bank from liability, the court, assuming for the purpose of argument that it was valid—and apparently drawing a distinction between negligence and "inadvertence or oversight"—held that here, too, the bank had the burden of offering evidence to show that it paid the check through mere "inadvertence or oversight." Again the bank offered no evidence.

The court thus ruled that the bank had failed to meet its burden of overcoming the depositor's evidence, and, since judgment could then be and was directed for the depositor regardless of the validity of the disputed provision, it was held unnecessary to decide the point. *Carroll v. South Carolina National Bank*, S. C. Sup. Ct. Op. No. 16,021. *P.D., Stopping Payment* §7.

(CONTINUED ON PAGE 67)

**OFFERING COMPLETE  
CORRESPONDENT BANK SERVICES**



**IRVING TRUST**  
*Company*

**ONE WALL STREET • NEW YORK 15, N. Y.**

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



(CONTINUED FROM PAGE 65)

### FDIC Liability

A decision of the federal district court for New Jersey discusses the liability of the Federal Deposit Insurance Corporation to an executor who maintained more than one account in a bank which has been closed.

The facts considered by the court are as follows: property was left to two persons as co-executors of a will, with the usual directions to pay the debts of the estate, pay all specific bequests, and then to pay the residue of the estate to themselves as trustees of a testamentary trust fund. The executors opened two accounts in a bank insured by the FDIC and at their request one account was reserved for the "capital" of the estate and so designated. The other was reserved for "income" of the estate and so designated. The signature cards were both signed as "Executor," and not as "Trustee."

At the time the bank closed the executors were still acting as such and had some \$7,000 deposited in each of the two accounts. They filed two claims, one based upon each account. The FDIC disallowed the claims, on the ground that it was liable only on one deposit under the pertinent provisions of the Federal Reserve Act—that the amount due to a depositor shall be determined by adding together all deposits maintained in the bank "in the same capacity."

Applying New Jersey law, the court found as follows: Upon the death of the testator, title to his personal property, including the right to collect income from it, vested in his executors for the purposes of administration and distribution. Income from this personal property was collectible only by the executors, and upon collection became part of the general estate subject to administration and distribution, and remained part of the general estate until administration was completed.

Since administration of the estate had not been completed, the mere segregation of income from the general body of the estate did not change either the character of the funds so segregated, or the capacity of the executors. They could not, by their own conduct, merge their two separate offices into the combined office of executor and trustee. They could not become trustees until the trust fund was created.

The income thus remained a part of the general estate until the administration was completed, the residuary estate determined, and then transferred by the executors to themselves, as trustees.

Since no income was payable from the trust fund until such a fund had been created, it was not possible to segregate the estate into two distinct accounts within the meaning of the statute. The title to all the deposits was in the executors, in their capacity as executors, and not as trustees, at the time the bank closed. They thus constituted but one "insured deposit" and the FDIC was therefore liable only for the net amount of both deposits, to the statutory maximum of \$5,000.

The court further held that beneficiaries of the testamentary trust could not maintain an action to recover de-

posit insurance, since no title to funds of the estate would be theirs until the trust fund was created. *Phair v. Federal Deposit Insurance Corporation*, 74 F. Supp. 693. P.D., Deposits §§23B:1, 23B:7.

*References to P.D. are to sections of Paton's Digest which contain general discussions of principles involved in the reported cases.*

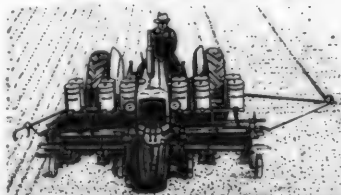
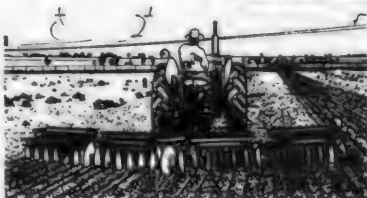
*For the young man who entered college this Fall we advise—Early to bed and early to rise, keeps your roommate from wearing your ties.*



## CHOOSE YOUR TOOLS



### By The JOBS They Do!



The real measure of tools is their capacity for work... their thorough performance under all field and weather conditions. Precision-engineered MM Modern Machines and Tractors are "work-hungry teammates" that get the job done right, quicker! Extra reserve of power, lower operating costs and heavy-duty construction give MM Visionlined Tractors extra punch. High-speed, Hi-Klearance MM Plows are better-scouring and longer-lasting. MM Disc Harrows, MM Wheatland Disc Plows, World Champion MM Planters, and Moline-Monitor Drills couple your future to real profit-earning investments! Maximum-strength MM plows for better penetration and greater clearance... quality planters and drills in model choices to fit all soil conditions for more accurate, uniform planting of crops... hook them to rugged MM Visionlined Tractors and watch your net profits increase!

**FOR BETTER WORK  
VISIONLINED TRACTORS  
for SAFETY and COMFORT**

**MINNEAPOLIS-MOLINE POWER IMPLEMENT COMPANY**  
MINNEAPOLIS 1, MINNESOTA



## Other Organizations



Plans for the third Western Regional Conference of the National Association of Bank Auditors and Comptrollers in Los Angeles, May 12-14, are in the hands of the bankers pictured above. *Left to right* are Percy E. Warner, Title Insurance & Trust Co.; William Williams, Citizens National Trust & Savings Bank; Herbert R. Hough, Canadian Bank of Commerce; George C. Elser, Security-First National Bank; Donald L. Havens, Bank of America; Rudolph Ostengaard, California Bank (general chairman); Theodore H. Ballmer, Security-First National Bank; Earl K. Simpson, California Bank; Alexander Oliphant, Bank of America; Ralph B. Andrews, First National Bank of Ontario. Absent from the group in the picture are James E. Thomas, The Farmers & Merchants National Bank, and William Watson, Union Bank & Trust Company. All are from Los Angeles except Mr. Andrews



Herbert H. Schell (*right*), textile manufacturer and chairman of the international economic relations committee of the National Association of Manufacturers, testifying before the House Foreign Affairs Committee on the Marshall Plan. He stated that NAM is "all for the Marshall Plan," provided proper safeguards are included. At the left is Rep. John Davis Lodge of Connecticut. Mr. Schell heads Sidney Blumenthal & Co. and Shelton Looms Distributing Corp.

### Aid Letter Writing Contest

**T**HE Washington Bankers Association contributed to the success of a letter writing contest for the state's grade and high school students by contributing United States Savings Bonds to the winners. The contest was sponsored by the Washington Department of Conservation and Development and was designed to extoll the virtues, advantages and resources of the state.

### A.B.A. Program Endorsed

Endorsement of the American Bankers Association's anti-inflation program has been expressed by the board of directors of the Robert Morris Associates, national organization of bank credit men. The formal statement which the board issued said, in part:

In view of the present situation, the directors strongly support the anti-inflation program of the American Bankers Association and urge upon the membership the desirability of continuing to maintain the usual standards of credit worthiness in the granting of loans for production and distribution of necessary goods. They further urge the necessity of discouraging loans which are speculative; for the purpose of withholding goods from the markets; or for the financing of unnecessary, undesirable or deferrable projects.

The objective of the credit men and loan officers of the member banks should be to stimulate the flow of economic goods wherever possible and to restrict the availability of credit which increases the demand for goods in already overcrowded markets. By these actions the directors of the Robert Morris Associates believe that it is possible for the banks to preserve a reservoir of credit and a sound banking structure to meet the legitimate needs of business in any future period of readjustment.

### Consumer Bankers

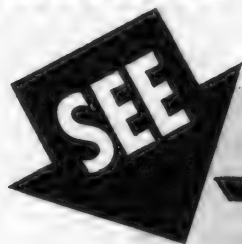
The Central-Western Section of the Consumer Bankers Association, comprising all members west of the western boundary of Pennsylvania, will hold a spring meeting May 29-31 in Chicago at the Congress Hotel.

### Gain in New York Savings

A gain, including dividends credited, of \$642,864,755 in savings deposits for the 131 mutual savings banks of New York State was reported for 1947 by

(CONTINUED ON PAGE 72)

# BEFORE you order new forms for your commercial tellers' machines—



# Todd

**I**n this fast-moving world of today, more and more banks are turning to high-speed machines to provide quicker customer service, develop greater control, improve internal banking operations.

If you have installed mechanized equipment (or are planning to do so), *see Todd* for the forms you need...to get the most value from your machines, increase their effectiveness, assure greater accuracy and *safety*. Customers' deposit receipts (alteration-proof for customers' protection!), tellers' cash received

slips, customers' deposit slips, cash in (and out) total and correction slips, cash refund orders, audit sheets, mail deposit forms, high quality leatherette deposit receipt jackets and many other essentials *made by Todd* furnish you with a **COMPLETE** system for efficient machine operations.

To find out more about these new Todd forms, just clip and mail the coupon below. With machines, you can offer *better* service to your customers...with Todd machine forms you can give them the *best*. Mail the coupon *now!*

# Todd

COMPANY, INC.



ROCHESTER  
SALES OFFICES IN  
NEW YORK  
PRINCIPAL CITIES  
DISTRIBUTORS THROUGHOUT THE WORLD

## THE TODD COMPANY, Inc., Rochester 3, New York

Without cost or obligation to me, please give me complete information about Todd forms for bank machine operations.

Bank Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_

By \_\_\_\_\_

B-3-48

# Protect your bank with Recordak microfilming

It protects executives against fraud,  
negligence. Assures depositors their  
bank transactions are properly recorded.  
Enables employees to substantiate their  
handling of all items.



**RECORDAK**

*(Subsidiary of Eastman Kodak Company)*

originator of modern microfilming  
—and its application to banking systems





**B**ANK executives, depositors, employees . . . Recordak microfilming protects them all.

It protects the bank executive by making it possible for him to have complete film records of every check cashed or deposited, every statement and check sent to depositors. Film records that can't be tampered with or altered without detection!

It protects the depositor by making it possible for him to get facsimiles of any check that is missing or disputed. Gives him assurance, too, that his banking

transactions are properly recorded.

It protects the employee by enabling him to substantiate his handling of any item . . . to furnish positive proof of his integrity in any controversy that may come up.

To see how you get this three-fold protection as a by-product of the Recordak Transit, and Single Posting Bookkeeping Systems . . . write for "IN BANK AFTER BANK AFTER BANK."

**RECORDAK CORPORATION**  
(Subsidiary of Eastman Kodak Company)  
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Please send me your free  
book about Recordak,  
"IN BANK AFTER  
BANK AFTER  
BANK."

Name \_\_\_\_\_

Bank \_\_\_\_\_

Street \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_

(CONTINUED FROM PAGE 68)

John Adikes, president of The Savings Banks Association of the State of New York. This brings total savings deposits in New York State to an all-time peak of \$9,802,045,727, or an increase of 7 percent for the year, as compared to a gain of \$876 million or 11 percent last year.

During the 12-month period, ending December 31, 1947, more than \$3,100 million was deposited in savings banks. However, against this, \$2,600 million was withdrawn—a volume of deposits and withdrawals exceeded only in 1946.

Despite the increased cost of bank operation, savings banks in New York State paid over \$146 million to depositors this year as against \$130 million in 1946.

After almost two years of study, The Insurance Forum of the Savings Banks Association of the State of New York has completed a 47-page *Manual of Uniform Insurance Departmental Methods and Procedures*, incorporating and classifying general insurance functions into an operational guide for banks. Including standard forms, reports and statistical records, this manual covers operational procedures for the entire in-



Recently elected president of the New York Financial Advertisers Association is Earl S. MacNeill (above), trust officer of the Continental Bank & Trust Company. He succeeds P. Raymond Haulenbeck, executive vice-president, North River Savings Bank

## FINANCIAL STATEMENT

DECEMBER 31, 1947

### ASSETS

CASH ON HAND AND IN BANKS.....	\$ 5,300,962.92
BONDS: U. S. Government.....	60,032,854.49
Other Bonds.....	5,992,469.48
CASH AND BONDS.....	\$ 71,346,286.89
MORTGAGE LOANS ON REAL ESTATE.....	71,054,025.87
HOME OFFICE BUILDING.....	770,000.00
OTHER REAL ESTATE.....	223,785.76
REAL ESTATE SALES CONTRACTS.....	52,937.98
STOCKS.....	892,572.00
INTEREST AND RENTS ON INVESTMENTS ACCRUED BUT NOT YET DUE.....	703,534.23
INTEREST AND RENTS DUE ON INVESTMENT (None of which is past due more than 90 days).....	112,890.30
OTHER ASSETS, PRINCIPALLY NET PREMIUMS IN COURSE OF COLLECTION.....	2,374,475.45
LOANS TO POLICYHOLDERS.....	14,488,175.37
(1) TOTAL ASSETS.....	\$162,018,683.85

### LIABILITIES

POLICY RESERVES.....	\$143,702,741.56
MASS HAZARD RESERVE FOR GROUP INSURANCE.....	1,424,590.00
PREMIUMS AND INTEREST PAID IN ADVANCE.....	1,039,947.28
RESERVE FOR TAXES.....	1,074,226.88
ESCROW FUNDS (Deposited by mortgagors for payment of taxes and expenses).....	292,898.79
RESERVE FOR ACCOUNTS NOT YET DUE.....	565,625.70
POLICYHOLDERS' DIVIDENDS.....	2,127,288.53
TOTAL.....	\$150,227,318.74
PORTION OF CURRENT YEAR'S EARNINGS AVAILABLE FOR FUTURE DIVIDEND DECLARATION TO PARTICIPATING POLICYHOLDERS.....	572,553.00
CONTINGENCY RESERVE UNDER PURCHASE AGREEMENT INCLUDING RESERVE FOR REVALUATION OF REINSURED POLICIES.....	7,544,025.80
RESERVE FOR REVALUATION OF OTHER POLICIES.....	500,000.00
OTHER CONTINGENCY RESERVE.....	1,174,186.31
SURPLUS.....	2,000,000.00
TOTAL LIABILITIES.....	\$162,018,683.85

(1) Includes assets in "Old Company Account" established under Purchase Agreement dated September 7, 1933, on file with the Superintendent of the Insurance Department of the State of Missouri.



SAINT LOUIS

surance program of a bank, including fire, casualty, fidelity, and allied coverages.

### Kentucky Bulletins

A new service has been inaugurated by the headquarters of the Kentucky Bankers Association. One or more times each month the association's members will receive a general bulletin (blue), a protective bulletin (red), an agricultural bulletin (green) and a legal bulletin (purple). All the bulletins are designed for loose-leaf binding.

### Pacific Coast Banking School

The name of the Pacific Northwest Banking School has been changed to Pacific Coast Banking School, and its sponsorship has been broadened to the bankers' associations of the western states.

The school is held annually on the campus of the University of Washington, Seattle. This year's session will be held from August 2 to 13. Approximately 100 bankers attended the school last year, and, with the broader sponsorship, it is expected that the 1948 attendance will be even larger.

All Soviet Russia wants to do in her neighboring countries is to give orders to their governments, factories, farms and armies.

*We suggest that the next national monument be one to the unknown politician.*

Judging by the news from Soviet Russia, oil's not quiet in Iran.



POST-WAR COMPARISON — Construction Costs vs. Wholesale Commodity Prices (1945 Average = 100%)

While commodity prices soared to a new high of 54% above 1945 wholesale market quotations, average construction costs were held to a 37% increase in 1947—and highway construction to 31.5%.

4,500 general contractors throughout the country, members of The Associated General Contractors of America, have been fighting to hold down construction cost lines to the lowest possible level for specified quality.

That's why Construction—America's second largest industry—gives you full value for today's dollar!

Early in 1947, the A.G.C. adopted a policy-program for a down-to-earth cost pattern. It is:

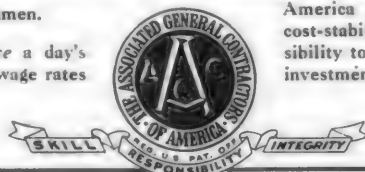
- (1) To secure and quote firm prices whenever possible.
- (2) To pay fair and just wages to workmen.
- (3) To encourage workmen to produce a day's work for a day's pay; to maintain wage rates

for an agreed-upon period of time; to settle disputes without work stoppage; and to eliminate wasteful practices.

- (4) To exert every possible effort toward improvement of construction management and efficient operation.
- (5) To discourage owners from demanding completion of projects at speeds which involve premium pay for overtime work or any procedure involving extra costs.

Costs cannot now be forced down to pre-war lows without national economic distress—but, a stabilization level is gradually being found through greater labor productivity, increased management efficiency, and through development of operational economies.

Members of The Associated General Contractors of America assume an obligation to work toward cost-stabilization—and fully recognize their responsibility to give the public its money's worth for its investment in construction.



## The ASSOCIATED GENERAL CONTRACTORS of AMERICA, Inc.

More than 100 Chapters and Branches throughout America  
National Headquarters — Munsey Building — Washington 4, D. C.

SKILL, INTEGRITY, RESPONSIBILITY IN CONSTRUCTION OF BUILDINGS, HIGHWAYS, RAILROADS, AIRPORTS, PUBLIC WORKS

March 1948

73

# BANKING NEWS

## Three Added to Faculty of Graduate School for 1948 Resident Session

**Ratchford, Wooster, Baum Join the Staff**

Dr. B. U. Ratchford, professor of economics, Duke University, Durham, N. C.; James W. Wooster, Jr., investment consultant, The Commonwealth Fund, New York; and James E. Baum, deputy manager, American Bankers Association, in charge of the Insurance and Protective Department, have been added to the faculty of the Graduate School of Banking, conducted by the American Bankers Association at Rutgers University, New Brunswick, N. J. The appointments were made by Dr. Harold Stonier, A.B.A. executive manager and G.S.B. director.

The 1948 resident session of the Graduate School will be held from June 21 to July 3.

The school now has a faculty of 56 members, some of whom, of course, lecture only every third year. It is composed of bankers, college professors, government officials, members of the bar, certified public accountants, investment specialists, and A.B.A. staff members. Complementing the faculty is a 52-man panel of thesis examiners, composed of bank executives, and several faculty assistants.

### The New Members

Dr. Ratchford, who will teach economics at the G.S.B., is the author of "American State Debts"; co-author and editorial director of "The Fu-

## Banks Plan to Feature Deposit Services in Their 1948 Advertising, A.B.A. Survey Shows

Banks will emphasize checking and savings accounts in their 1948 advertising, according to a survey by the Advertising Department of the American Bankers Association.

The attention to be given the merchandising of deposit services is a direct reversal of last year's trend when loan subjects held the spotlight.

"One reason for this change," says John B. Mack, Jr., manager of the department, "is the leadership taken by banks in the fight against inflation.

tute Level of German Industry" (official U. S. plan for German reparations); and co-author of "Berlin Reparations Assignment." In 1938-39 he was acting professor of commerce and business administration, University of Virginia; district price executive for OPA in Raleigh 1942-43; economic advisor for level of industry, Office of Military Government for Germany (US), Berlin, 1945-46, and is now a member of the research staff Committee of the South.

Mr. Wooster is the author of "Bankers' Handbook of Bond Investment" and a frequent contributor on investment topics to leading banking publications. He will lecture on Savings Management II at the Graduate School.

Mr. Baum became field secretary of the International Chamber of Commerce, American Section, following attendance at the Wharton School of Finance, University of Pennsylvania. He later resigned to become field manager of the National Retail Dry Goods As-

sociation and, in 1924, was appointed deputy manager of the American Bankers Association and manager of its Insurance and Protective Department. Mr. Baum will lecture in the Commercial Banking VI sessions.

### Large Freshman Class

Although more than 300 freshmen have been approved for admission to the 1948 resident session, a number of qualified men have asked to be placed on a waiting list in the hope that should there be last minute cancellations they will be admitted to the June session. Those on this list who do not enter this year will be given preference for admission to the 1949 freshman class.

Admissions to The Graduate School of Banking are limited to 1,000 students, faculty and administrative staff by the physical facilities available to the school at Rutgers University.

Curriculum time schedules and lecture outlines for the (CONTINUED ON PAGE 75)

## Cost Analysis Manual For Smaller Banks Is Published by A.B.A.

### Long Study Develops Simplified Procedure

A new manual, "Simplified Cost Analysis for Smaller Non-departmentalized Banks," has been published by the Country Bank Operations Commission of the American Bankers Association.

The new work is in two sections, both based on the same plan, both intended primarily for banks of 15 or less employees, and both sufficiently simplified for use by operating men with little or no previous experience in the field. The second section contains the complete analysis plan, while the first is its simplified and condensed version for use where employee time is not available for the more detailed study.

The shorter method provides information to serve as a basis for service charges and will also indicate relative over-all staff efficiency, but will not give the complete information that is disclosed by the more detailed plan. This method is broken down into seven steps. The blank forms on which the analysis is made are complete with example figures.

### Detailed Analysis

The complete method provides for a detailed analysis, including per-item costs, earnings from invested funds, profits and losses from each activity, etc. It is divided into eleven steps. The Commission suggests that every bank able to use the complete method will find it of far greater value than the time-saving method. The shorter analysis might well find its greatest use as a preliminary report in banks which have not previously made cost analysis studies.

The new manual is plastic bound so that it will open flat and serve as a work book. All necessary blank forms are incorporated and additional sets of forms are available free on request.

Dr. Ratchford



Mr. Wooster



Mr. Baum





## New Savings, Mortgage Policies to Be Theme of Eastern Conference

### New York Meeting Will Hear Dodge and Burgess

Joseph M. Dodge, president of the American Bankers Association and of The Detroit Bank, and W. Randolph Burgess, vice-chairman, The National City Bank of New York, are among the prominent speakers who will address the Eastern Regional Savings and Mortgage Conference in New York, March 15 and 16.

Mr. Burgess will speak at the opening session on "Our National Debt and Our Savings" and Mr. Dodge at the concluding session on "Protecting the Mortgage Investment Account."

New policies for 1948 will be the theme of the conference, sponsored by the A.B.A. Savings Division of which L. A. Tobie, president, Meriden (Conn.) Savings Bank, is president.

J. R. Dunkerley, A.B.A. deputy manager in charge of the Savings Division, will preside at the opening session.



National officers and executive councilmen at the annual midwinter meeting in Shreveport, Louisiana, of the American Institute of Banking's Executive Council. *Left to right*, Theron D. Elder, Oklahoma City; Edward J. Damstra, Chicago; Walter D. Behnke, Grand Rapids; Alton P. Barr, Birmingham; H. Waldo Graff, Fort Worth; J. Kaye Ewart, Tacoma; Robert C. Rutherford and Floyd W. Larson, New York; Garnett A. Carter, Atlanta; Pierre N. Hauser, Milwaukee; Leroy Lewis, New York; George J. Greenwood, Jr., San Francisco; J. Vincent O'Neill, New York; Hartwell F. Taylor, Richmond; Clarence W. Brown, Sacramento; Christian Ries, Minneapolis; George E. Levine, Providence; and Byron A. Wilson, Denver

#### The Program

Other conference speakers and their topics include: Mr. Tobie, "What Can Be Done for the Saver"; Everett J. Livesey, Dime Savings Bank, Brooklyn, "Savings Operations—Unit vs. Dual Systems"; Joseph Earl Perry, president, Newton (Mass.) Savings Bank, "The Coming Crusade for Savings"; Dr. W. Braddock Hickman, research staff, National Bureau of Economic Research, New York, "Revelations From the Corporate Bond Research Project." Dr. Marcus Nadler, professor of finance, New York University, will speak on "In-

vesting Savings Funds in 1948"; Henry Wright managing editor, *Architectural Forum*, "Trends in Architecture"; Thomas S. Holden, president, F. W. Dodge Corp., New York, "Building Picture in 1948 and Beyond"; William Scheick, coordinator, Small Homes Council, University of Illinois, Urbana, "What Bankers Should Know About New Construction"; E. M. Mortlock, director of mortgage research, A.B.A., "Servicing Mortgage Loans"; and William A. Marcus, vice-president, Savings Division, and senior vice-president, American Trust Company, San Francisco, "Future Values in Real Estate."

#### G.S.B. Faculty

(CONTINUED FROM PAGE 74)

1948 resident session will be reviewed and given final approval at the annual G.S.B. faculty meeting at the Hotel Biltmore in New York on March 20, said Registrar William Powers. Concurrent with the afternoon faculty meetings, the Graduate School of Banking alumni will hold their annual meeting at the Biltmore in New York.

The 1948 graduating class will have more than 260 members, according to present indications, which will bring the total G.S.B. graduates since the school was organized in 1935 to nearly 2,000.

## CALENDAR

### American Bankers Association

- Mar. 15-16 Eastern Regional Savings and Mortgage Conference, Hotel Pennsylvania, N. Y.
- Apr. 18-20 Spring Meeting, Executive Council, French Lick, Ind.
- June 7-11 American Institute of Banking, Annual Convention, Buffalo, N. Y.
- June 19-20 Graduate School of Banking, Rutgers University, New Brunswick, N. J.
- Sept. 26-29 Annual Convention, Detroit, Michigan

### State Associations

- Mar. 25 Ohio, Consumer Credit Conference, Columbus
- Apr. 5-7 Florida, Vinoy Park Hotel, St. Petersburg
- Apr. 25-27 Louisiana, The Buena Vista, Biloxi, Miss.
- May 3-5 Missouri, Jefferson Hotel, St. Louis
- May 6-7 Alabama, Hotel Tutwiler, Birmingham
- May 6-7 Massachusetts, New Ocean House, Swampscott
- May 6-8 New Mexico, Nickson Hotel, Roswell
- May 6-7 Oklahoma, Skirvin Hotel, Oklahoma City
- May 10-11 South Carolina, Ocean Forest Hotel, Myrtle Beach
- May 11-12 Mississippi, Buena Vista Hotel, Biloxi
- May 12-13 Indiana, Claypool Hotel, Indianapolis
- May 12-14 Kansas, Topeka
- May 13 Delaware, Wilmington Country Club, Wilmington
- May 13-15 New Jersey, Hotel Traymore, Atlantic City
- May 17-19 California, Hotel del Coronado, Coronado
- May 17-18 North Carolina, The Carolina, Pinehurst
- May 19-21 Pennsylvania, Hotel Traymore, Atlantic City, N. J.
- May 20-21 Tennessee, Chattanooga

- May 22 Nevada, Ely
- May 24-26 Arkansas, Arlington Hotel, Hot Springs
- May 24-26 Texas, The Gunter Hotel, San Antonio
- May 26-27 Ohio, Neil House, Columbus
- May 29-31 Arkansas, Annual Education Conference, Junior Bankers Section, The Arlington Hotel, Hot Springs

### Other Organizations

- Mar. 11-12 New York State Savings and Loan League, Semi-Annual Meeting, Hotel Commodore, N. Y.
- Mar. 18-19 Mortgage Bankers Association of America, 2d Regional Mortgage Clinic, Hotel Skirvin, Oklahoma City, Okla.
- Apr. 5-6 Mortgage Bankers Association of America, 3d Regional Mortgage Clinic, Hotel Commodore, N. Y.
- Apr. 21-24 National Association of Bank Auditors and Comp-trollers, Eastern Regional Conference, William Penn. Hotel, Pittsburgh, Pa.
- May 5-8 National Association of Bank Auditors and Comp-trollers, Mid-Continent Regional Conference, Baker Hotel, Dallas, Tex.
- May 9-12 Association of Reserve City Bankers, Hotel Del Coronado, Coronado Beach, California
- May 12-14 National Association of Bank Auditors and Comp-trollers, Western Regional Conference, Biltmore Hotel, Los Angeles
- May 13-15 American Industrial Bankers Association, Edgewater Beach Hotel, Chicago, Ill.
- May 23-28 National Savings and Loan League, Chalfonte-Haddon Hall, Atlantic City, N. J.
- May 24-26 National Association of Mutual Savings Banks, Hotel Traymore, Atlantic City, N. J.

## How Banks Sell Services at Fairs

(CONTINUED FROM PAGE 43)

August and visited the exhibit of the First National Bank, according to Assistant Cashier Charles W. York, who is the bank's farm representative. This project was planned, arranged and staffed by a special committee of the bank's employees. Regular meetings were held by the committee for several months prior to the fair to consider suggestions for making the display more attractive.

Housed in a tent, the First National's exhibit included a continuous showing of colored and black and white movies, such as travelogues, educational features, films depicting soil conservation methods and other subjects of interest to farmers. A display calling attention to the services of the bank was arranged along two sides of the tent and was flanked by flower arrangements by an employee of the bank. A member of the bank's staff was in attendance at all times and gave away blotters, thimbles, dime banks, etc. Popular features of the display were chairs seating 50 visitors, a water cooler, and a penny guessing contest. Nearly 12,000 paper cups were used to consume 800 gallons of water.

Eight Hunterdon County, New Jersey, banks joined with three industrial concerns interested in the dairy business and the Hunterdon County Board of Agriculture in sponsoring a better milking contest at the Flemington, New Jersey, fair for 4-H and FFA members. Two members competed each day of the week for first, second and third prizes of \$25, \$20 and \$15 offered by the sponsors. In addition, each of the contestants received a strip cup.

The purpose of the contest was to demonstrate better milking methods to produce clean milk efficiency. Speed was not a contributing factor.

The set-up included six cows on a concrete platform, equipped with stanchions, water cups and milking machine. A milk house, connected with the milking platform, was equipped with milk cooler, can rack, hot water heater and wash tubs. Two contestants milked three cows each, with the same judges in attendance each day. Winners were announced and awards presented at the Artificial Breeding Association's annual meeting in Clinton, New Jersey, last Fall.

It was found that banks also participate in a variety of other activities, including the sponsorship of special events, such as rodeos, races, livestock shows; assist at livestock sales; contribute achievement awards; advertise in fair programs; and buy fair tickets for customers and employees. Although a good many of these activities are widely publicized, because they have to do with 4-H and FFA programs, a brief report is included for the convenience of those who may not have followed BANKING's periodic coverage of this important phase of bank assistance to agriculture.

The American Trust Company in Stockton, California, for example, gives 10 awards, ranging from \$2 to \$15, to the FFA members entering the best vocational agricultural farm accounting record books at the San Joaquin County Fair and Horse Show.

It also donates a calf to the fair for a calf-scrambling contest, in which members of the youth groups have an opportunity to rope a calf and raise it as a farm project.

At the end of the fair, FFA and 4-H club groups hold auctions of their prize animals and the American Trust encourages them by buying in several of the prize winning animals. The bank

FOR YOUR CALIFORNIA CORRESPONDENT, THINK OF CROCKER FIRST



11-8  
1210

A SYMBOL  
OF SOUND  
BANKING FOR  
SEVENTY-SEVEN  
YEARS.

EASTERN REPRESENTATIVE  
20 Pine Street • New York

### Specialists in Speedy Service

Air mail your West Coast checks to us. Each item of yours is dispatched for collection the same day we receive it ... by air mail if it saves time. From our central location in California we cut collection time on your items to a minimum.

*For fast availability of funds use*

**CROCKER FIRST NATIONAL BANK**  
OF SAN FRANCISCO

1 MONTGOMERY STREET  
SAN FRANCISCO

FRANKLIN AT THIRTEENTH STREET  
OAKLAND

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

also buys tickets to a reserved box at the fair for its employees and customers.

Over a period of years, the Stockton Savings and Loan Bank, of Stockton, California, has sponsored an event for draft, harness or running races at the San Joaquin County Fair. The bank pays the difference between the admission fees and the \$1,000 purse offered in this race, usually amounting to between \$250 and \$300. This last year the bank put on a nightly rodeo. This bank, also, buys a box and some general admission tickets for officers and employees.

The Peoples Savings Bank of Cedar Rapids, Iowa, actively supports district cattle contests to select winners to compete at the All-Iowa Fair. Some years ago it initiated the custom of choosing a queen from Linn County to be sent to the All-Iowa Fair. For the past three years, however, the other Cedar Rapids banks have cooperated in this enterprise.

J. K. Noll, the bank's field man, acts as judge in the livestock contests and clerks at the auction at the conclusion of the fair. Customarily, the bank buys in a 4-H calf. It also takes part in several cattle shows, including four state Black Angus and four state Hereford shows, and five district Black Angus shows.

The First National Bank of Great Falls, Montana, manages and assumes financial responsibility for the 4-H Club steer auction at the conclusion of the Montana State Fair. As a general thing, there are about 100 animals to be sold.

The First National Bank of Mason



"I should fill out my form? Well, the nerve of you"

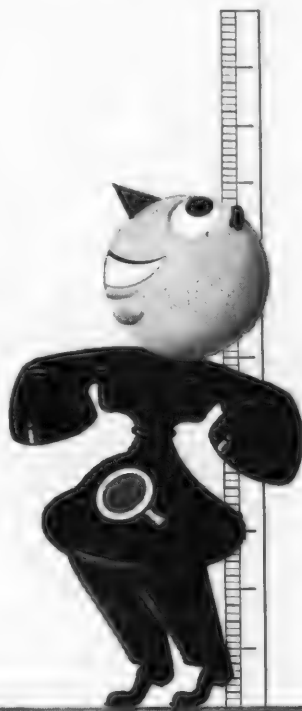
March 1948

City, Iowa, for a number of years, has taken charge of the 4-H baby beef sale at the North Iowa Fair. However, this past year the bank cooperated with the Chamber of Commerce in giving a banquet for between 150 and 200 4-H members who made a good showing at the fair in their feeding and record keeping.

Also, a \$75 purse is awarded annually to 4-H members at the North Iowa Fair for the best records kept on feeding and

cost of livestock from the time purchased until ready for market, and on the gains shown by the livestock. This award is by the United Home Bank & Trust Company of Mason City.

While all of the foregoing activities are, in fact, advertising for these banks, some other banks limit their fair support to advertising in special fair editions of local newspapers, window displays advertising the fair, and to advertisements in the fair programs.



## A LOT OF GROWING TO DO

This is a big country and to furnish nation-wide telephone service, the Bell System has had to be big for a long time. But in the last few years it hasn't been nearly big enough.

Even though we've broken all records and added more than 6,000,000 new telephones in the past two years, there are still about a million orders for service that we haven't been able to fill because of lack of equipment, switchboards, cable and buildings. Many more Long Distance circuits also are needed.

It will take time and a lot of money to make the Bell System big enough for the nation's needs but we're on our way — in a big way — to giving you more and better service than ever before.

BELL TELEPHONE SYSTEM



# Use the



# in Chicago

## AS YOUR BANK

You are cordially invited to use The First National Bank of Chicago as your correspondent. To serve you, and to insure prompt attention in all correspondent bank relationships, there is an experienced group of officers which devotes its entire time to this work.

EDWARD E. BROWN, Chairman	
JAMES B. FORGAN	BENTLEY G. MCCLLOUD
Vice-Chairman	President

### BANK AND BANKERS DIVISION OFFICERS

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EDWARD DECKER	Assistant Cashier
VICTOR C. VON MEDING	Assistant Cashier

## The First National Bank of Chicago

Building with Chicago and the Nation Since 1863

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



## "What Loans Are Productive?"

(CONTINUED FROM PAGE 37)

those in major industrial areas, are doing a large part of their business with retail merchandisers and in automobile, personal, furniture, property and loans of that type, none of which really help the anti-inflation picture.

Small town banks which do business with farmers and cattle growers are in a better position to lend money that will aid in the fight against rising prices.

• • •

## ...cautioned against over-expanding plants

NEW YORK

**W**E recommend to clients not to buy in advance of their immediate needs.

Manufacturers seeking loans are urged to be on the conservative side and to lean backwards in their estimates of future sales. They also are being cautioned against over-expanding plants.

A manufacturer is not justified in creating a debt which he is planning to amortize on the basis of his experience during the past five years.

Clients seeking this type of loan should compute demand on a prewar rather than on a wartime basis. They should anticipate a drop rather than an increase in sales.

Short-term loans well within a borrower's ability to repay is a good policy.

An example is the case of one manufacturer who planned building a mill at a cost of \$10 million. This manufacturer thought he could repay the loan at the rate of \$1 million a year. He pointed to sales over the past six years in citing the necessity for adding such a mill.

He was refused the loan and advised that he could hardly expect future sales to be as large as they had been in the past. He was told to shelve his plans for the mill for the present. He was advised to anticipate future sales on a prewar rather than on a wartime level.

A bank can, however, take care of all normal needs of its industrial clients who are conducting their businesses conservatively and with forethought.

\* \* \*

## ...useful articles, not luxuries

COLORADO

**L**OANS for production of food products, farm implements and to reputable contractors for home building are productive or anti-inflationary.

For several months one institution has loaned only for production of food or useful articles, not luxuries. Specifically prohibited is "crazy financing" such as loans on houses priced out of line or beyond the income of prospective buyers.

Cattle loans and those to packinghouses for food production are specific examples of productive lending.

Some loans have been made, in participation with other banks, on community projects. This type of loan is not in-

flationary and of definite benefit to the public, and great need exists for this type of development.

Another bank is providing capital for manufacturing plants producing necessary articles short in demand, for example, loans to a local firm making farm implements.

There is a general tightening of home financing, but some bankers consider relief of the housing shortage one of the most important types of lending to permit production of goods in short supply. They are continuing to provide capital to contractors to ease shortages, but their lending is strictly limited to old-time, established builders who are satisfied with legitimate profits. No credit is granted to fly-by-night operators who build cracker boxes and want quick and high profits. A new applicant is thoroughly investigated.

One bank also grants credit to individual purchasers of homes built by contractors financed by it. Houses built by reputable contractors provide a safer risk.

GI loans for homes now require at least 20 percent down, and the number has consequently been drastically reduced. The former practice of lending with little or nothing down was an important factor in adding to the inflationary spiral in housing. Houses were sold at profit to another GI, with a resulting pyramid of artificial values.

Loans are now made on houses under the 20 percent rule for GI's, under the FHA plan or on a straight bank loan with the required 40 percent down. Such transactions are limited to non-speculative purchases. One bank's own financing is on a 10- or 15-year plan, mostly on 10. The amount is limited to not more than one-fourth of an individual's income for taxes, interest and principal. Sound home financing plans will mean lower building costs and lower prices of older houses by Spring.

### Ohio Bankers Open

#### Anti-Inflation Campaign

**C**OLUMBUS, OHIO, scene of the first pilot meeting at which the A.B.A. anti-inflation program was outlined, also saw the opening of the state associations' efforts to bring the voluntary plan to the attention of individual banks.

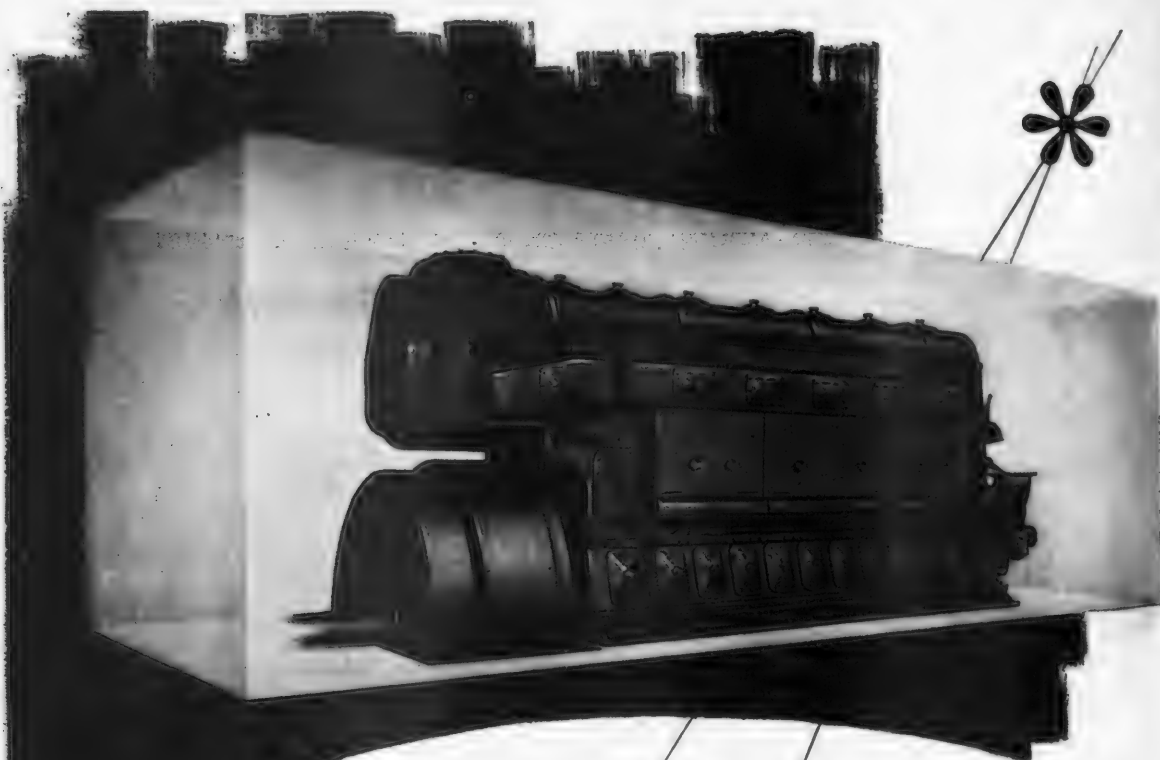
At the midwinter conference of the Ohio Bankers Association the program was presented to the membership by speakers, including Lester E. Shippee, chairman of the A.B.A. Credit Policy Commission, who asked the banks to do their part in the nationwide voluntary credit control effort.

Governor Thomas Herbert of Ohio commended the American Bankers Association for having exercised leadership in sponsoring the campaign.

"I am convinced," he said, "that such a campaign will be much more effective and in accordance with established American principles than the adoption of rigid government controls. To saddle the American people with an over-abundance of bureaucratic controls at a time when the crying need is for greater production simply appears to create an artificial prosperity. We cannot escape the law of supply and demand."

Charles W. McBride, president of the Ohio Bankers Association, presided at the meeting.

Other state associations are also presenting the program to their members at regular or special meetings.



# THE FAIRBANKS-MORSE MODEL 38 O.P. ENGINE

## More Power PER FOOT OF FLOOR SPACE!

Consider this: a single Fairbanks-Morse Model 38 Opposed-Piston engine can put up to 1600 horsepower to work for you in almost half the floor space required by other heavy-duty Diesel engines of the same horsepower.

Doesn't this suggest a way to gain that added kw-h output without remodeling or expanding your present plant floor space facilities?

The Model 38 Offers Basic Advantages of Opposed-Piston Design  
Two pistons in each cylinder. No cylinder heads, no valves . . . a minimum of moving parts . . . less weight . . . more power per foot of floor space—more economy in sustained heavy-duty service!

For Diesel Power...



### FAIRBANKS-MORSE

A name worth remembering

DIESEL LOCOMOTIVES • DIESEL ENGINES • STOKERS • SCALERS • MOTORS • GENERATORS  
PUMPS • RAILROAD MOTOR CARS AND STANDPIPES • FARM EQUIPMENT • MAGNETOS

## News for Country Bankers

(CONTINUED FROM PAGE 59)

that might be developed for 4-H and FFA members; and (8) youth organizations—history and data.

### Kentucky Farmer-Banker Field Days

Two banker-farmer field days were sponsored this past Fall by the Kentucky Bankers Association in cooperation with the Agricultural College of the University of Kentucky. The Federal Reserve Bank of St. Louis acted as host at a luncheon at each meeting. These farmer-banker field days, which are a continuation of a series of meetings started in 1945, were held on two farms at Hodgenville and Princeton to provide an opportunity for those attending to observe at first-hand results of certain recognized soil conservation and soil management practices.

During 1945 dinner meetings were held throughout Kentucky to stress the importance of better managed farms. In 1946, meetings were held on three experimental farms of the University of Kentucky to show at close range a demonstration of soil conservation and other practices. The 1947 meetings were for the purpose of observing results of the actual application of such measures on farms.

A tour of each farm was conducted by representatives of the University of Kentucky Extension Service. Correlated therewith was a talk by Don Henry, agricultural economist, Federal Reserve Bank of St. Louis on "Cost and Returns of Soil Improvement."

John F. Graham, field representative of the Kentucky Bankers Association, spoke at both meetings on the "Work Ahead of Us." Other speakers at one or both meetings included: F. Guy Hitt, first vice-president, Federal Reserve Bank of St. Louis; A. G. Brown, deputy manager, American Bankers Association, who talked on "Land Values in Kentucky"; T. R. Bryant, assistant director of extension, Experiment Station, U of K; Tom Wallace, editor, *Louisville Times*; and C. W. Bailey, former A.B.A. president and president, First National Bank of Clarksville, Tennessee.

Walter A. Cole, vice-president and cashier, Lincoln National Bank, Hodgenville, and J. B. Lester, president, Farmers National Bank, Princeton, presided at the respective meetings. Ralph

Fontaine, secretary, Kentucky Bankers Association, presented a silver service to each of the farm owners on behalf of the association.

Forty-two counties were represented at these meetings by 143 bankers. There were also present 30 farmers, 42 county agents and soil conservationists, 14 educators, and 68 others, or a total of 297.

Similar meetings were held in eastern Kentucky.

### Illustrated Mail Folder

Farm loans, new accounts and farm management service are emphasized by

the farm service department of the First Trust and Savings Bank of Davenport, Iowa.

In a recently issued direct mail folder the bank challenged the reader with the statement that "It Is Good Business to Plan the Future of Your Farm." It illustrated what it meant by reproducing a picture of a well kept and of a run down farm and finished off the series with a picture of its farm service department manager, Carl E. Rylander, interviewing a farmer and his wife. In brief copy the bank invited customers to "plan the future of your farm with our farm service representative."

1857



1948

PROMPT...

RELIABLE...

FRIENDLY SERVICE

With correspondent connections in leading cities of America and throughout the world, Mercantile-Commerce offers complete banking service to banks and bankers, business and industry.

Routing collections and non-par items *direct* to points of payment speeds up your collections, often reduces exchange costs ...it's a *plus* service to our depositors.

We welcome an opportunity to be of service.



MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

# Oregon's Successful Youth Program

(CONTINUED FROM PAGE 57)

contest was started and increasing the number of pigs per litter from 8.7 in 1942-43 to 9.3 in 1946-47. It also sponsors a state farm mechanics contest, which encourages boys to set up shops on farms, to build useful devices in school and at home, repair, care for and operate farm machinery, and repair and construct buildings, fences and home conveniences.

OBA representatives present farmer degree charms to boys eligible for this

degree at the state FFA convention each year. Forty-two boys were so honored in 1947.

The OBA presents gold service keys to agricultural instructors completing 10 and 25 years of service, presentations being made at the agricultural teachers' conference at Oregon Vocational School.

On the local level, Oregon banks support FFA projects by giving cash awards to chapter public speaking contestants and by granting loans for co-

operative chapter activities, such as the purchase of seed, livestock, supplies, machinery and equipment, and pig feeding contests. In 1946-47 more than \$300 was awarded to public speaking contestants. The purchase by FFA chapters of farm machinery and equipment valued at more than \$50,000 was financed largely by bank loans.

Other assistance to FFA members includes loans for productive purposes; awards for scholarships, farming proficiency and fair exhibits; judging of contests by agricultural field representatives; and banker attendance and talks at FFA meetings, conventions, etc.

Mr. Morgan has suggested to the Oregon banks that there is need for organization support of the FFA's farm record keeping and dairy improvement projects.

## Banks Given Credit

State 4-H Leader Allen gives the Oregon Bankers Association much of the credit for the fact that Oregon leads all other western states in the number of 4-H Clubs and 4-H members and ranks among the top two or three states in the number of 4-H Clubs in proportion to population. Portland, he says, has the outstanding urban 4-H Club in the country, which has served as a pattern for innumerable other urban clubs over the country.

In evaluating the benefits of giving assistance to farm youth work, Secretary Greenwood feels that the nation's agricultural economy would be immeasurably strengthened if "every bank would take an active part in supporting youth programs, particularly 4-H Club and FFA chapters, and every state bankers association would foster an aggressive, statewide agricultural development program." This activity, he says, would "conserve our resources, raise the standard of living on the farms, and develop new ideas for better farming and farm management."

## OSCAR MONRAD

Vice President

DIRECTOR OF INDUSTRIAL DEVELOPMENT



## Announcing THE ESTABLISHMENT OF AN INDUSTRIAL DEVELOPMENT DEPARTMENT

A new and specialized service for manufacturers doing business in the Southwest is brought to this bank by Oscar Monrad, newly elected vice president. Known throughout the East for his outstanding work with manufacturers in New York State and New England, Mr. Monrad has, for the past 4 years, distinguished himself for similar work in the Southwest. We are glad to offer his ability and experience to you and your customers.



Member Federal Deposit Insurance Corporation



"Now you stop frightening your little brother—nobody is going to make them into piggy banks and you know it."



## Mr. Banker:

THIS ADVERTISEMENT

will reach businessmen all over the country through the well-read pages of Business Week, Nation's Business, Dun's Review and other publications.

Its message has an important meaning for bank executives and trust officers responsible for granting loans. No businessman can fulfill his obligations to you if unexpected disaster causes him a large financial setback. That's why the right kind of insurance in the proper amounts is essential. Hartford's Machinery Inventory booklet helps businessmen correctly appraise their equipment and provide adequate insurance—a protection that works for borrower and bank alike.

## Insurance... and YOU

#5 of a series of informative articles  
on insurance and bonding.

## Do you know the actual cash value of your machinery?

Probably not... unless you've had an appraisal made lately.

Yet, it's important to weigh and record these values periodically (1) so that you will know what is adequate insurance protection for your machinery investment and (2) so that you will have the information, in the event of a disaster, to present in support of a claim. Such information is required by all insurance companies. Look at *your* policy!

The Hartford has just produced a machinery inventory form which helps you to develop *actual cash values*. This booklet, entitled "Your Machinery and its Actual Cash Value," shows how to estimate your machinery dollars correctly for insurance purposes.

*"Book" values are not actual cash values!*

Charging off a fixed percentage (based on the supposed useful life of a machine) to depreciation year after year... will not show the machine's *actual cash value*. *Actual cash value* may be estimated by determining the replacement cost of the identical model, installed today... minus a percentage of depreciation due to condition and obsolescence.

In most cases, the *actual cash value* of a machine is considerably higher than its "book" value. That's why, to avoid underinsurance... and perhaps a large financial setback, it's vitally important to insure your *actual cash values*.

Weigh *your* values carefully! Send the coupon below for the booklet "Your Machinery and its Actual Cash Value." A copy will be sent without obligation to any machine owner requesting it. For insurance advice, see your Hartford agent or broker.

# HARTFORD

HARTFORD FIRE INSURANCE COMPANY  
HARTFORD ACCIDENT AND INDEMNITY COMPANY  
HARTFORD LIVE STOCK INSURANCE COMPANY



Writing practically all forms of insurance except personal life insurance  
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Please send free copy of "Your Machinery and its Actual Cash Value."

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CITY \_\_\_\_\_ STATE \_\_\_\_\_



# Methods and Ideas

## "New Look" Bank Reports

**M**ANY banks are joining other businesses in a break with the tradition that the annual report to the stockholders is a routine document which should be just that and nothing more.

Several years ago a few hardy pioneers demonstrated that expert typographical treatment, good illustrations, and clear interpretation of operating results can vitalize the story of banking and bring the bank closer to the community. To judge from the number of "new look" pamphlet reports for 1947 that have reached *BANKING's* desk in recent weeks, the trend toward reader interest seems to be growing.

The new type of report is a friendly invitation to shareholders, customers and the public to step behind the figures in the financial statement and see what they mean. It makes the most of an excellent opportunity to tell the reader what the bank can do for him. It introduces him to the staff, takes him on a trip around the bank so that he can watch the departments at work, or inspect recent improvements. It pays its respects to local industries whose operations the bank assists, and offers little case histories illustrating the constructive uses of banking services.

Also, the "new look" report is offered to the entire community rather than to the immediate bank family, and is therefore a public relations star of first magnitude.

The modernized pamphlet makes its first bid for the reader's attention by offering him a carefully styled, good-looking cover. (In some we've seen the bank's name doesn't appear in this front show window.) When he opens the booklet he is greeted by well-spaced lines of easy-to-read type and by decorative features (including a liberal use of color, pictures and charts), and it's a safe bet that he'll at least browse through the pages.

But the text is the thing, and in gen-

eral the compilers of these pamphlets give great care to how they present the story. Friendliness is the keynote. The reader is made to feel that the bank is taking him into its confidence, that *he* (stockholder, customer or prospect) is the person to whom the bank is talking, that his patronage is partly responsible for the bank's success, and that the old First National is staffed by folksy people whose vocabularies are not limited to a certain chilly two-letter word beginning with "n."

**A**bove all, he gets the impression that the bank is sincerely interested in the community's welfare, that it's just as essential an institution as the firehouse or the doctor's office, and that there's no starch in banking's shirtfront.

The text usually includes a review of the year's work by the president of the bank who in simple terms explains what's been done. Perhaps he comments on current affairs (inflation is a popular topic in the 1947 reports) or talks about improvements the bank has made in its facilities for serving the public. But whatever the president chooses to cover, he is careful to make his remarks interesting as well as informative.

These 1947 pamphlets have been modernized in varying degrees. Some limit the "new look" treatment to

larger type, wider margins, simple charts (often printed in color), and attractive layout of the pages. Others go much further in their appeal to the reader, freely using color, photographs, drawings and other eye-catchers.

Let's take a glance through some of the reports. Sorry we can't cover all of them, but lack of space forbids.

### A Simulated Meeting

The pamphlet at the top of *BANKING's* pile happens to be the 1947 story told by the *MERCHANDISE NATIONAL BANK*, Chicago. On the cover is a drawing of three men seated at a table. Attention focuses on the middle man because he's silhouetted in white against the terra cotta paper. Inside, you're told that this figure is intended to represent *you*—"taking part, with other stockholders and customers, in a hypothetical meeting with Merchandise Bank's management."

"Thirteen years ago," the text goes on, "Merchandise Bank originated what is today commonly regarded to be a 'modern' financial report—giving detailed statistical information about a bank's operations. We find now that there is a wide gap between the listing of such financial facts and a complete

(CONTINUED ON PAGE 86)

One of the questions and answers in the report of the Merchandise National



### QUESTION

*In its advertising, Merchandise Bank places considerable emphasis on consumer credit. What has been the 1947 experience in this regard?*

Consumer credit lending has been a highspot in 1947 operations: Our \$2,749,000 volume is 44% greater than in 1946 and nearly equals the record year 1941 when a large number of new automobiles were financed. Our increased volume this past year was largely for personal borrowing needs. With increasing production of new cars, we anticipate sizeable consumer credit gains in 1948.

# If carpentry is your hobby . . .

The tools on your bench are A-No. 1.  
You chose them—you like them.

You find that you do finer work with  
the equipment you prefer.



# If typing were your job . . .

The typewriter on your desk would be  
the World's No. 1—a Royal.

Why not see that the business tools  
your secretaries use are the best. Sup-  
ply them with Royals. Typewriters they  
prefer using. Typewriters that turn out  
the best work!



## Surveys make Royal blush!

- 1. Popularity!** Just see how Royal rates with secretaries and typists. A national survey shows that the preference for Royals equals the combined preference for the next three leading typewriters. Your typists will do *more* work, *better* work on machines they prefer using.
- 2. Royal efficiency!** There are work-saving, time-saving features on a Royal not found on any other typewriter. That's why Royals are preferred. That's why they result in higher production per machine!
- 3. Royal durability!** These typewriters are *really* sturdy. Royals stand up . . . spend more time on the job, less time out for repairs. With Royal, you get the maximum return for your typewriter investment!

## ROYAL—*World's No. 1 Typewriter*

(CONTINUED FROM PAGE 84)  
*understanding* of their significance. So, in this report, we create the atmosphere of a meeting of stockholders and customers with management—at which questions are asked and answered—questions you might like to ask were it practicable to hold such a meeting. This way, we hope to interpret for you the *real* significance of 1947 financial figures.”

After you’ve been shown a simplified condition statement, President Raymond L. Redheffer is presented as the first speaker at the simulated meeting. In the course of his brief remarks he points out that the information in the statement, with supporting financial

tables, would constitute the net conclusion obtainable from the customary bank report.

“Certainly,” he adds, “there is more to financial reporting than this. So let us search *behind* these figures to determine how they came about and what meaning they hold for you.”

There follows a series of questions such as might be asked at the meeting. Mr. Redheffer answers each. The text is typographically pleasing (plenty of white space, large charts in color, small drawings).

#### Presenting Akron, Ohio

A bird’s-eye view of Akron, Ohio, as “a great industrial center, a great busi-

ness center, and a great place to live” accompanies the report of that city’s FIRST NATIONAL BANK.

Inside the folding covers are pictures of Akron’s industrial plants, business buildings and recreational and cultural facilities. The reader is told that Akron is not only the world’s rubber center, but that many other great businesses have their homes there. It’s “in the market center of America—the heart of America’s workshop” and is “a great city for industry location.”

President E. S. Patterson’s report is liberally illustrated with color charts, and contains detailed information about the bank’s work and progress.

#### How a Bank Helps

Realistic photographs, effective typography and skillful layouts mark the report of Raymond N. Ball, president of the LINCOLN ROCHESTER (New York) TRUST COMPANY.

The cover shows a pair of escalators, obviously leading to the main banking floor. Inside there’s an air view of Rochester, highlighting the bank building.

The text of the report, printed in large type, and the financial statement, are followed by four pages telling the reader how he can put the bank’s money to work for him, and what the bank did for borrowers in 1947. In the outside columns of these pages are brief stories of how the bank helped several people

Fragment of a bank aid story told in the Lincoln Rochester’s report



#### Financing A Dream

A returned G.I. had found just the house and garden spot he and the wife had dreamed of. But how was he to finance it? What money he had was needed for additional furnishings.

## Your BANK'S Bond Account EARNINGS

Bankers find our Bond Department officers helpful in suggesting ways to improve net returns from their investment accounts. We would welcome an opportunity to discuss this important source of your bank's earnings. There might be substantial benefits for your bank from such a discussion. Your inquiry is cordially invited.

Ask for free copy of the booklet,  
 "Effect of Bond Tax Status On Bank Earnings"

BOND DEPARTMENT

## THE NORTHERN TRUST COMPANY

50 SOUTH LA SALLE STREET, CHICAGO 90, ILLINOIS

Member Federal Deposit Insurance Corporation



live" city's  
 ctures  
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 Akron  
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solve their various financial problems.  
 "In seeking a loan at the bank," the Lincoln says, "you are not asking for favors nor is the officer in a position to grant favors. Your credit requirements present an opportunity for additional bank business which the officer is very happy to consider and to grant if your needs comply with the requirements and restrictions under which the officers must act."  
 Photographs of various departments at work and of individual officers add a friendly, personal touch. Color is used rather extensively throughout the pamphlet.

### Report to the Community

The AMERICAN TRUST COMPANY of South Bend, Indiana, says in a foreword that it is making its report "to the community instead of only to stockholders."

"This," it continues, "is a deliberate action. Here at American Trust we hold that a bank grows and prospers only as it serves the entire community. Expressed differently, if the American Trust serves well the people of the community, then, and only then, will they become keenly interested in this bank."

The report comprises a brief story about the operations of the departments; there's a photograph to go with each. For instance:

"The commercial loan department serves hundreds of customers, and the loan facilities of the bank have made possible the starting of a variety of new enterprises.

"A quick inspection of the bank's collateral vaults would indicate loans on the security of farm implements, live stock, merchandising equipment, highly specialized machinery, electrical appliances, professional and recreational equipment, construction materials, and commodities of all kinds.

"Loans are also made in this department to business and professional people whose borrowing requirements run to substantial sums. . . ."

And, the bank adds, one of the aims of the department is "the building of small businesses."

The pamphlet, which includes charts reviewing the increase in the bank's business, is printed in two colors.

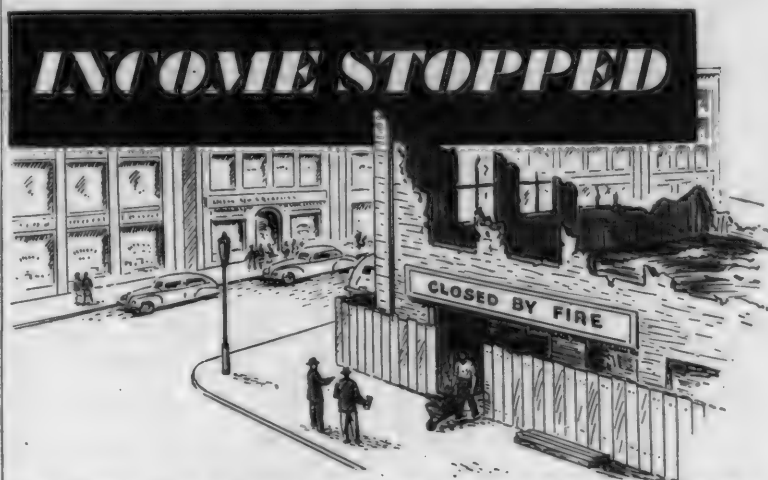
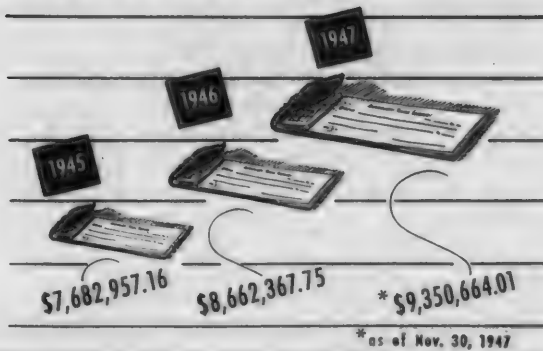
### "As Your Financial Adviser. . ."

The PENINSULA NATIONAL BANK of Cedarhurst, New York, starts its report with a "Dear Friends" letter on the

March 1948

### CHECKING ACCOUNTS

A business growth chart (two colors) used by the American Trust Company of South Bend



### YET ALL BILLS PAID PROMPTLY ... TAXES • SALARIES • INTEREST

When fire strikes, income usually stops. That's when the borrower is grateful to the banker who has recommended Business Interruption Insurance. With it your customer stays in the swim . . . holds his key personnel . . . meets his non-stop obligations during enforced idleness or vacancy. Ask any Home-town Agent representing a Fireman's Fund Company...over 11,000 throughout America.

DEPENDABLE  
 INSURANCE  
 SINCE 1863.



Fire • Automobile • Marine • Casualty • Fidelity • Surety

## FIREMAN'S FUND GROUP

FIREMAN'S FUND INSURANCE COMPANY

HOME FIRE & MARINE INSURANCE COMPANY	FIREMAN'S FUND FIDELITY & CASUALTY COMPANY
WESTERN NATIONAL INSURANCE COMPANY	WESTERN NATIONAL FIDELITY & CASUALTY COMPANY

SAN FRANCISCO • NEW YORK • CHICAGO • BOSTON • ATLANTA • LOS ANGELES

cover. In it President Charles J. Machleid says:

"As your financial adviser, we feel it is appropriate to talk plainly in introducing our annual report.

"We are in a so-called inflationary period. Costs of everything—food, clothing, housing—have spiraled." (Volume of money and bank deposits competing for goods is 'way up; so are wages, etc.)

"At the same time, we hear predictions of a depression . . . phrases like, 'It's got to come' and 'Boom and Bust.' Our answer is 'Fiddlesticks.'

"We can talk ourselves into a depression. Loose talk is sabotage of the worst kind. It is sabotage to cry 'Wolf!'

when honesty, integrity and hard work are needed. There are no substitutes for enterprise, diligence and hard work.

"Hard work must be the cushion to

## WHY ARE WE IN BUSINESS . . .

We exist because society and business in your communities need us to care for and distribute money and credit.

Here's what you bank accomplishes through its various services:

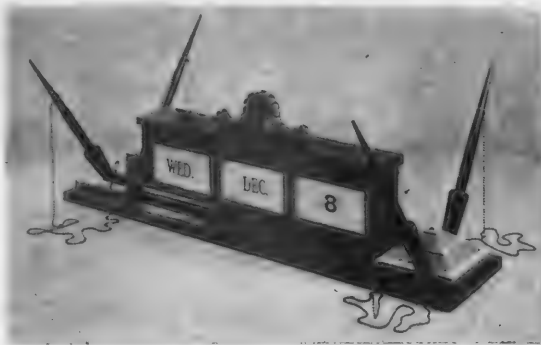


Transfers funds from one place to another without danger of theft or loss to owner.



Cuts cost of doing business through checking facilities, adding to convenience and efficiency of financial transactions.

## Give Your Check Counters That "New Look"!



And Give Your Depositors

Better "Customer Service," Too . . .

## With KERR Changepoint Fountain Pens

Different styles of bases in Bronze or Chrome.

Adaptable to any check counter arrangement. Let us send you illustrated literature and prices.

STANDARD BANK EQUIPMENT SINCE 1934

**W. K. KERR PEN COMPANY**  
TULSA, OKLAHOMA

catch inflation when it falls.

"Willingness to work steadily, nose-to-the-grindstone style, has made this past year a good one for you and your communities and for us. We have all enjoyed the fruits of our labors. That is the American way which we are pledged to preserve."

Inside, the bank answers many questions. "Who Are Your Bankers?" it asks, and then introduces the officers. In simple statements it tells why it is in business (listing what it accomplishes through its various services); how it does business; whom it serves (short histories of the several communities); and what the bank can do for the reader.

### "Cincinnati, Center of Culture"

The FIFTH THIRD UNION TRUST COMPANY of Cincinnati presents its report as an annual letter to the shareholders from the president, John J. Rowe.

But before the letter opens there's an attractive page about "Cincinnati . . . Center of Culture." The gist of the comment is that man doesn't live by bread alone; and the text goes on to talk about the city's music, art galleries and parks.

Mr. Rowe's report briefly traces the year's operations and has something to say about 1948 prospects. The remainder of the report comprises chiefly the comparative financial statement and short accounts of each bank department's services. But in the center spread the bank goes back to the opening theme; "Culture is a living thing in Cincinnati." Here the text comments on the city's educational and artistic institutions, its writers and musicians.

Throughout the report are scattered color drawings of local scenes, by the Cincinnati artist, Caroline Williams.

### Past and Present

When you open the cover of the report by COMMERCIAL NATIONAL BANK of Peoria you see a line drawing of an Indian looking across a valley and are reminded that the history of this Illinois

city "is a romantic page written with the arrow of an Indian, the muskets of the French explorers, the plows and forge of American builders."

The historical background is maintained, in text and drawings, throughout President George L. Luty's account of the year's work.

Other features include a photograph of the board of directors in session and thumbnail descriptions of the bank's services.

### Seed Catalogue

The BANK OF WARWICK, at Hilton Village, Virginia, made a wide detour around the conventional report by bringing out its 1947 pamphlet along the lines of a seed catalogue.

"It has frequently been said," explains Cashier B. E. Rhodes, in an introductory letter to stockholders, customers and friends, "that Warwick County is the 'Garden Spot' of the Peninsula. It is because we so thoroughly agree that we have used the seed catalogue theme. Then, too, the principles of sound banking are often similar to the principles of good gardening."

The garden treatment is even applied to the financial statement. Main items are accompanied by color drawings of vegetables and a few lines of text that carry along the analogy. For instance, the reader is asked to picture the bank's assets "as the tangible plants which the money deposited by our customers have grown into." Alongside the cash total (and a picture of a red pepper) he reads: "A few people drop their pennies in the old cookie jar. If you plant your money in the Bank of Warwick it will grow faster and beautify your community more."

Liabilities are "the funds which our



"Mr. Wolf'll be furious if one of you don't go in and sell him something"

March 1948

# With Leadership Comes added Responsibility

When an institution, under our American System of Free Enterprise, attains a position of leadership, it is through a recognition by the public, whom it serves, of certain qualities and attributes.

Simply to grow large is not enough to command this appreciation. With increased size must come not only improved facilities, but a greater desire and opportunity for service.

A bank grows great only through the confidence of its customers and the communities it serves. To retain this confidence it must continue to hold their friendship and loyalty.

Since the early days of the Pacific Northwest, the Seattle-First National Bank has grown with the progress of Seattle and the State of Washington. Its growth has been like a great river into which have merged many streams to swell its volume and increase its store of power.

This, in turn, has enabled it to have a vital part in developing the resources and industries of this region — to use its financial strength in helping trade and commerce to expand.

By a constant infusion of new personnel it has kept its youth and vitality while building on the experience of its age. And still more important, it has never lost that very personal element which has caused it to be known as a "Friendly Bank."

Whether you are a customer of this bank or not, you have a pride and a part in its contribution to the community. Correspondingly, this Bank has an obligation and a responsibility to you — which it recognizes — to use its financial leadership wisely and constructively.

*To efficiently and courteously serve the banking requirements of all of our three hundred and forty thousand customers, both small and large, is the pledge of everyone concerned with our operations and policies.*

*Lawrence M. Arnold* *Thor F. Eled*  
Chairman President



"Your Friendly Bank"

Established 1870

Member Federal Deposit Insurance Corporation

depositors and our stockholders have planted in the bank." And: "A checking account is as accurate as a straight row, as convenient as a garden plow, and as thrifty as good old turnip greens."

### A Community's Resources

The HIBERNIA NATIONAL BANK, New Orleans, uses every other page of President A. P. Imahorn's report for miniature reproductions of advertisements the bank published during the year.

This series featured the natural resources of Louisiana and the South,

and described the part played by the bank in the development of those resources.

Each piece of copy also stressed the fundamental purpose of banking: "to assist business, industry and commerce through the constructive extension of credit."

### Broadcast

As has been previously reported in **BANKING**, the BURLINGTON (Vermont) SAVINGS BANK claims the distinction of being the first bank to admit the public to its annual meetings via radio.

In line with its policy of taking the

mystery out of banking, President Levi P. Smith's annual report to the corporators of the bank was broadcast from the meeting and rebroadcast twice the same day in order to reach later audiences.

Subsequently the report was published in broadside form. Inasmuch as 1947 rounded out the bank's first 100 years, President Smith dwelt extensively on the development and experiences of a country bank.


In the broadside form the report was distributed to the depositors.

### News About Banks

The FIRST NATIONAL BANK of Houston has inaugurated round-the-clock transit service.

CHEMICAL BANK & TRUST COMPANY of New York gave a dinner to executives of the Mosler Safe Company which has maintained an account with the bank since 1887. N. Baxter Jackson, Chemical's chairman, presided. Other representatives of the bank included President Harold Helm, Vice-president Robert Scott, and Frank K. Houston, former chairman of the board. The customer was represented by its president, Edwin H. Mosler; Treasurer Edwin H. Mosler, Jr.; and Assistant Secretary John Mosler.

ANGLO CALIFORNIA NATIONAL BANK of San Francisco has instituted a pension plan for employees.



## the KNOW HOW

Whatever your Payment Coupon Book problem may be—get a practical answer from Allison.

With a background of 59 years experience, Allison KNOWS HOW to design Coupon Books that tie in with your set up—are low-cost in use—and secure prompt collections.

Samples of what we have done for others, together with complete information, will be sent upon request. Write to head office:

Indianapolis 6, Indiana.

"SINCE  
1888"

# accent on SERVICE

American Security offers you services you would expect of any good Washington correspondent... plus a warm, personal interest on the part of officers... plus an unusual insight into local conditions.

Over the years we believe we can be a most helpful Washington connection.



Daniel W. Bell, President

## American Security & TRUST COMPANY

Member Federal Deposit Insurance Corporation  
Federal Reserve System

WASHINGTON, D. C.



"I couldn't afford to buy a used car so I had to get a new one"



## C. C. Volume Too High?

(CONTINUED FROM PAGE 51)

credit varied from roughly 9 to 11 percent, an average approximately of 10 percent. If, therefore, in any given year the percentage of consumer credit to national income is within the above range, and not departing very much from the average ratio of 10 percent, the conclusion would be reasonable that consumer credit relationships are normal. If the ratio is less than the average, it would seem correct to infer that it is not consumer credit which is inflated and if there are active inflationary influences, they must be sought elsewhere.

Applying this method of analysis to the 1947 consumer credit totals, the conclusions arrived at are quite different from those first suggested by a mere reading of the figures. As the chart (on page 51) presents graphically, consumer credit outstanding is now less than 8 percent of the disposable national personal income. But this ratio is lower than for any year from 1929 to 1941, lower even than for the severe depression year of 1933.

But this is not the whole story. Consumer expenditures on soft goods in 1947 were approximately \$100 billion whereas in 1941 they were only \$44 billion. In 1933, charge account credit outstanding was only slightly more than \$1 billion but consumer spending on non-durable goods was only \$22 billion. If buying habits of consumers and the credit policies of merchants remain the same, one would expect that charge account credit would increase proportionately to the increase in the dollar volume of consumer spending. And this is what has happened. Over the years, charge account credit outstanding has an average ratio of about 4 percent to total consumer spendings on non-durable goods. For 1947, the ratio is slightly less than the average, indicating that charge accounts, although large in dollar amount, are still moderate when compared with the total volume of business done.

Other items of consumer credit lag appreciably behind their prewar norms. Consider instalment loans. The relative importance of instalment loans should perhaps be measured against the national income, that is, that part of the national income which is available to consumers for the purchase of goods and services. In 1947, disposable personal income was approximately \$175 billion, almost twice the disposable income for 1941, but instalment loans were only

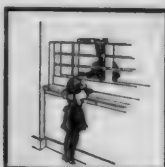
57 percent higher. The ratio of instalment loans to national income in 1947 was, therefore, lower than in 1941.

Instalment sales credit outstanding at the end of 1947 was \$2.8 billion or nearly \$1 billion less than in 1947. Total consumer spendings on durable consumer goods was approximately double that of 1941. Obviously here is an abnormally low ratio for 1947, reflecting the fact that durable goods have been in restricted supply.

Consumer credit, it seems to me, follows the trend of prices and incomes. It is not primarily an initiating factor or

is so only to an extent of minor importance. The price rises of the postwar period have their primary explanation in other factors, in the accumulation of costs as the goods run through the productive process, in the vast amounts of purchasing power available through pay envelopes and salary disbursements—not in rash borrowing by consumers or in unwise lending by consumer credit lenders.

This, moreover, is the way it should be. Under present circumstances, that consumer credit should lag behind prewar ratios is something to be desired.



## WIN NEW FRIENDS FOR YOUR BANK

**SCHOOL SAVINGS** under our expert guidance makes valuable contacts with young people

### A COMPLETE PROGRAM

### FOR BANKS AND SCHOOLS

SIMPLIFIED PLAN • • • LOW COST OPERATION

Consultation costs you nothing—Will save you much. Our program is designed to meet your local situation. Write to—

## EDUCATIONAL THRIFT SERVICE

INCORPORATED

22 PARK PLACE • • • NEW YORK 7, N. Y.

*An Old Organization with New Ideas*

## MARSH & McLENNAN

INCORPORATED

**Insurance Brokers  
AND AVERAGE ADJUSTERS**

Chicago	New York	San Francisco	Detroit
Washington	Pittsburgh	Minneapolis	Boston
Buffalo	Cleveland	Columbus	Indianapolis
Milwaukee	Duluth	St. Paul	St. Louis
Los Angeles	Phoenix	Seattle	Portland
Vancouver	Montreal	Havana	London

## Scramble for Calves

(CONTINUED FROM PAGE 58)

generously this year as they have previously, is a serious attempt to encourage boys to conduct feeding demonstrations, to furnish them with calves for this purpose, and to reward them for their efforts when these calves are brought back to the show the following year and auctioned.

One of the feature writers of a Houston newspaper aptly described the calf scramble as "20 kids plus 10 calves equal 1 riot." Contestants are 14 to 16 years of age, and their only weapons

are a halter and a lead rope. Ten calves are herded into the arena, and 20 boys line up for an exciting contest which is strictly amateur, yet promises an ample reward. At a signal they dash down the arena in a spirited foot race, and, as soon as a boy gets his hands on a calf, the others must leave him alone and give him a chance to put the halter on the animal and lead him across the finish line.

It is not unusual for a calf to change "owners" several times during a calf scramble. The calf usually outweighs the boy, and he throws his weight around. Those who get a tail hold pro-

vide spectators with the greatest excitement, and a boy is sometimes towed around the arena several times before he can shift to a headhold and get the halter safely tied on. Once the calf has been led across the finish line, he is the property of the boy capturing him.

During the year, the boy makes monthly reports on the calf's progress, these reports going to the donor of the calf, the stock show and to the county agent or vocational agriculture teacher supervising the feeding demonstration. Twelve months and about 800 pounds later, the calf returns to the show seeking ribbons and honors and a cash reward for the boy.

All through the year, the donor corresponds with the boy and gives him encouragement. When he comes to the show the next year and brings back a choice exhibit of baby beef, the donor sees that the boy is rewarded for his work by bidding in the calf in the auction sale.

ONE of the prizes being offered to last year's successful scramblers is a \$2,000 scholarship to Texas A. & M. This prize is being offered by First National Bank of Houston.

At this year's show, which ran from January 31 through February 15, a new contest was added to the events—a milking race. Prizes, donated as those for the scramble, consisted of approximately 110 fine dairy calves.

In this case both boys and girls were entered in the contest, 220 of them between the ages of 12 and 15 having been selected by officials of 4-H clubs and Future Farmers of America. During the entertainment program at the show, cows were placed in a circle and the contestants, in groups of 20, went to work. The ten out of each group of 20 who obtained the most milk by weight in a two-minute period were given the purebred calves as prizes.

Each winner will keep and feed his or her calf for one year under the guidance of vocational agricultural teachers and county agents, returning the animal to the show next year for display. At that time the animal, through the cooperation of the Dairy Breeders and Production Association, will be bred to a purebred bull. The cow and calf will be returned in 1950 to compete for prizes.

Banks, business firms and individuals have contributed to this new contest as part of a program designed to increase the quantity and quality and reduce the cost of milk in the Houston area. It promises to be as successful and popular as the scramble.

### Effective co-ordination

of all departments assures rapid, efficient handling of every type of banking transaction. You are invited to use any or all of our facilities.

## CITY NATIONAL BANK AND TRUST COMPANY of Chicago

208 SOUTH LA SALLE STREET

(MEMBER FEDERAL INSURANCE DEPOSIT CORP.)



**AT YOUR SERVICE**

**IN ATLANTA**

12th in U. S.  
Bank Clearings

... ample proof that excellent transportation and communication facilities exist, to help us provide correspondents with rapid service on their transit and collection items.

**FULTON  
CORRESPONDENT  
SERVICE**

*The* **Fulton** *NATIONAL BANK*

COMPLETE SERVICE AT 5 OFFICES IN METROPOLITAN AREA OF ATLANTA

MEMBER FEDERAL RESERVE SYSTEM  
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

**FAST · DEPENDABLE · COOPERATIVE**



## GEORGE C. JOHNSON

PRESIDENT

The Dime Savings Bank of Brooklyn  
says:

"Our Christmas Club is one of the most popular services we offer and one of the best media for the development of thrift through systematic savings. Many permanent savings accounts can be traced directly to the Christmas Club."

**C**hristmas Club brings members to the banking floors 50 times a year—50 opportunities for contact, every one with profit potentialities for the bank.

Christmas Club members are thrift-minded people whose savings program is a matter of plan and decision. As they learn how to save money, so they are learning how to use money, as evidenced by the constructive purposes to which they devote a major share of their annual accumulations. They are selective prospects for many of your profitable banking services.

Thousands of banks who use our Christmas Club service have found these things to be true. Millions of their members have learned about Christmas Club from its continuous promotion by this organization for 37 years. They look for this official emblem of Christmas Club, A Corporation—and save where they find it.



# Christmas Club

a corporation • HERBERT F. RAWLL, FOUNDER

341 MADISON AVENUE, NEW YORK 17, N. Y.

**BUILDS SAVINGS • BUILDS CHARACTER • BUILDS BUSINESS FOR BANKS**

## Washington

(CONTINUED FROM PAGE 39)

professor of finance at New York University.

Should deflation really set in, the entire governmental outlook would be changed. In lieu of trying to arrest the extension of bank credit, the Administration could be expected to give every encouragement to lending. Such lending, the Government would hope, would arrest the deflation.

Another potent factor in the delay of Congress toward hasty credit restriction legislation is the attitude of one key person, Chairman Jesse P. Wolcott of the House Banking Committee. Mr. Wolcott has shown every sign of moving

only slowly and carefully, if at all, into control legislation of the type advocated by the President or Mr. Eccles, and he has demonstrated that he is persuasive enough to carry his committee along on nearly all issues. His influence thus is decisive. Regardless of what the Senate does or does not do, no legislation can come before the House unless it clears the Banking Committee.

Thus the Senate Banking Committee cleared a bill for restoration of installment credit controls, and it passed the upper chamber. It was long dormant in the House committee. Certain highly placed Senators flirted with the idea, and are even now doing so, of enacting credit restriction measures. Mr. Wolcott's committee shows a disposition

to approve legislation only after it has been thought out carefully by the Administration as a whole and by a large proportion of his party's leadership.

### Convertible Gold Standard Proposal

At the opposite extreme from the President's proposal to arrest inflation by means of credit restriction is the proposal to return the country's currency to the convertible gold standard. It is sponsored by Rep. Howard H. Buffett of Nebraska, a member of the House Banking Committee. "If currency were convertible into gold the people would regain their control over money, a control which they lost when the Administration took the money off gold for domestic transactions," explained Mr. Buffett. There is virtually no prospect, however, that this bill will receive attention from the appropriate committees in the foreseeable future.

### On Tax Relief Possibilities

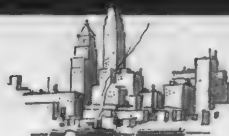
One of the main factors in the 1948 business climate, the amount and kind of individual income tax reduction, probably will be settled finally in the very near future. With a cut hinged around \$4 billion generally anticipated, this will leave little surplus available for business tax relief this year.

As a matter of fact, business tax relief is most likely to go over until 1949 or 1950. Business tax relief can make little headway under the present Administration, particularly if it involves the prospect of a substantial net curtailment in Treasury revenues. Such a benefit must await the pruning of government expenses sufficiently to make budgetary "room" for the resulting loss of revenues. In the meantime some efforts will be directed at bringing about modernization of the internal revenue code, with certain technical amendments. However, revenue law revision without reduction in the tax burden is not expected to arouse sufficient enthusiasm for a final achievement in the form of approved legislation this year.

### FDIC and RFC—Where They Stand

Due to the excellent progress of the Federal Deposit Insurance Corporation in repaying its original government capital, the FDIC may escape a second serious threat of being put under control of the Bureau of the Budget. This threat last year was so serious that the independence of the FDIC was secured only at the last minute, and after an intensive drive by bankers and Con-

(CONTINUED ON PAGE 96)



## ***THIS is Cincinnati!***

... home of one of the country's outstanding sporting goods manufacturers. And in Cincinnati you'll find that we are well-equipped to serve you with a complete correspondent service. For, since 1858, we have played an important part in the industrial development of Cincinnati. Our officers have a sound working knowledge of business problems here ... and a deep understanding of the needs of correspondent banks. If you have not already become acquainted with Fifth Third service, we would welcome an opportunity to talk with you about it.

**The FIFTH THIRD UNION TRUST CO.**

CINCINNATI, OHIO

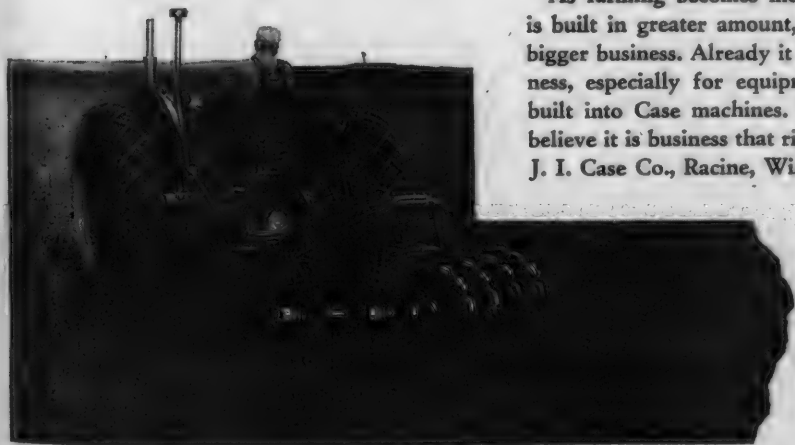
MEMBER FEDERAL DEPOSIT INSURANCE CORP. • MEMBER FEDERAL RESERVE SYSTEM





## Put Your Money on High Producers

**High-producing pasture** from wild land, or from wornout permanent pasture as shown here, is secured by proper tillage, reseeding, and fertilizing. Built for such tillage is the Case Brushland Harrow. Its big heat-treated blades roll over small stumps and stones without delay or damage. It cuts through roots and saplings, works brush and trash into the soil. With speed of a harrow, and almost the penetration of a plow, it is an ideal implement for pasture renovation.



● When Gold Dust 8684 won a national grand championship and sold for a record price of \$2750, it was not for his good looks, nor for his own wool. He was bought for blood to bring better lambs into a big flock, to produce high volume and value in fine fleeces.

Actually more important than production per animal is production per man. Good animals increase the return for every man-hour, not only in tending the flock but in growing feed. In the same way, modern farm machines multiply the acreage of crops a man can grow, the amount he can make them yield in wool, meat, milk or money.

As farming becomes more mechanized and machinery is built in greater amount, financing its sale will become bigger business. Already it is recognized as desirable business, especially for equipment with the ENDURANCE built into Case machines. This company and its dealers believe it is business that rightfully belongs to local banks. J. I. Case Co., Racine, Wis.



# CASE

(CONTINUED FROM PAGE 94)

gressional friends of the banking system.

It is considered likely that the Reconstruction Finance Corporation will be continued in existence beyond its present statutory expiration date of June 30, 1948. The main question is the form in which RFC will be continued; i.e., what, if any, further curtailment will be made in its lending powers. On the one hand there is the approach of the A.B.A.'s Small Business Credit Commission, one member of which is Earl R. Muir, president of the Louisville Trust Company, Louisville, Kentucky.

Mr. Muir suggested, in testimony before a Senate subcommittee, that during the present, when the national economy does not require the RFC, that agency should be maintained only as a stand-by organization to be activated when the Congress determines the need for it. On the other hand, there are those who would extend the RFC virtually as it now exists, including its right to make bank participation loans, and possibly with some additional lending powers.

The subcommittee which investigated the subject is now outlining its ideas. It generally aims at further care

in the use of credit in times when the banking system has the facilities to provide the credit which business needs. In reconciling these viewpoints, however, it is quite possible that the RFC will be extended in much the form it now has. As it now exists it is out of the blanket participation loan business but is still free to participate with commercial banks on other than a BPA basis. Congress last year stripped the RFC of a myriad of accumulated, miscellaneous lending powers. If so extended, RFC is likely, especially so long as inflationary conditions exist, to discourage all loans, direct or in participation with banks, which would make the agency susceptible to the charge that it was promoting inflationary loans at the same time the Government was calling upon commercial banks to curtail such lending.

### Housing Finance—A Tough Problem

One of the toughest problems with which Congress must deal shortly is the extent of government assistance to housing finance.

While officials would like to discourage inflationary home lending, they cannot solve the riddle of how to cut down on lending without at the same time curtailing the large volume of home construction which appears to be in sight. This is the problem in attempting to work out a formula for extending FHA's Title VI.

It is quite possible that Title VI, which expires at the end of this month unless extended, will be continued for another temporary period. The strong effort to revive the secondary market for GI loans is to offset both the declining of these loans and the reluctance of some classes of institutions to enlarge their portfolios of loans at 4 percent.

## Warning! - - -



Check the amount of your insurance against the present cost of reproducing your property. Construction costs are increasing and there is danger that you are underinsured. It costs less to transfer your risk to an insurance company than it does to assume the burden of a loss.

### THE PHOENIX INSURANCE COMPANY

Hartford 15, Conn.

The Connecticut Fire Ins. Co.  
Hartford, 15, Conn.

Atlantic Fire Insurance Company  
Raleigh, North Carolina

Great Eastern Fire Insurance Co.  
White Plains, N. Y.

Equitable Fire & Marine Ins. Co.  
Providence 3, R. I.

The Central States Fire Ins. Co.  
Wichita 2, Kansas

Minneapolis F. & M. Ins. Co.  
Minneapolis 2, Minn.

Reliance Insurance Company of Canada  
Montreal 1, Canada

## Ready for Emergencies

In an emergency you will find at the Shawmut Bank both ability and exceptional willingness to carry out difficult or unusual assignments in the New England area. For over 111 years this bank of "Outstanding Strength" has provided prompt results in handling transactions for correspondent banks.

### The National Shawmut Bank

40 Water Street, Boston

Member Federal Deposit Insurance Corporation

CAPITAL \$10,000,000

SURPLUS \$20,000,000



"Son, can you lend me five until Saturday?"

BANKING

## Better Public Relations... Better Business



GEORGE V. DENNY, Jr.

### "America's Town Meeting of the Air" available for LOCAL sponsorship

**YOU CAN SPONSOR THIS MILLION-DOLLAR PROGRAM IN YOUR AREA... AND PAY ONLY YOUR LOCAL SHARE OF NETWORK COSTS!**

**NUMEROUS BANKS\*** are currently sponsoring *America's Town Meeting of the Air* locally—for very good reasons!

**First:** These progressive bankers have found that local radio is a modern, efficient, economical way of reaching their audience... of building prestige and good will in their communities.

**Second:** This distinguished program is particularly well suited to bank advertising. *Town Meeting* has won every major public service award in radio. It is, in short, a well-established program... with a large, loyal audience of intelligent, vital people of all ages, the kind of people who are *your* best customers!

**Third:** The program not only attracts the attention of these people, it firmly holds their interest and attention. The lively discussions of the well-known guest speakers

put listeners in an alert, receptive mood for your commercial messages about *savings accounts, safe deposit boxes, Christmas Clubs, mortgages, loans* and other banking services.

**Fourth:** *Town Meeting* is broadcast coast to coast at an ideal listening time for the whole family: 8:30 pm EST, 7:30 Central, 8:30 Mountain and Coast. (In your area you get entire credit for sponsoring this big network show!)

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PICTURES BY WEINMAN & LESTER

## Trust Men Hear

**T**HE 29th annual mid-winter trust conference of the Trust Division of the American Bankers Association in New York on February 9-11 drew an attendance of nearly 1,700 trust men from all sections of the United States and from foreign countries.

A galaxy of speakers representing trust institutions, commercial banks, economics, law, and industry dealt with problems affecting trust administration and operations in a period of inflation.

Two presidents — JOSEPH M. DODGE, *president of the American Bankers Association and of The Detroit Bank*, and R. M. ALTON, *president of the Trust Division and vice-president of The United States National Bank, Portland, Oregon*—were the featured speakers at the opening session.

A brief review of the program, excerpts from some of the addresses, and photographs of most of the speakers appear on these pages.

(1) President DODGE, who, in discussing banks and inflation, said:

"For the past several years we have had to meet continuing proposals to establish new government controls over bank credit and investments. That danger will continue to exist unless the bankers of the country prove that voluntary credit control will work. If we do this successfully, we will maintain the advantages arising from voluntary action, based on the judgment of informed men experienced in the banking business, as they apply sound principles to varying local conditions. It will protect bankers and borrowers alike from suffering or struggling under imposed and arbitrary rules, which will apply to everyone alike, whether appropriate or not."

(2) Trust Division President ALTON. In speaking on "Community Property," Mr. ALTON said:

"Regardless of conflicting opinions as to the efficacy of the theory (community property), those states that have passed the act have committed themselves, for better or worse, to a new property concept. In fact, the act promises to change the general law in my own state of Oregon more materially than any other piece of legislation passed since the formation of the statehood. The statute indeed has not only altered the basic theory of ownership as between husband and wife as changed by the various 'married women's acts,' but has also substantially altered the basic concepts in other fields, notably with respect to property interests, domestic relations and creditors' rights. . . . Both the Oregon constitution and the married women acts of 1872, 1878 and 1880 have given the wife an emancipation in excess of the rights given under a true marital community."

(3) *Left to right*, MERLE E. SELECMAN, *secretary, American Banker's Association and deputy manager in charge, Trust Division*; EVANS WOOLLEN, JR., *vice-president, A. B. A., and chairman, Fletcher Trust Company, Indianapolis*; H. M. BARDT, *vice-president, Trust Division and vice-president, Bank of America, San Francisco*; and JOHN W. REMINGTON, *chairman, executive committee, Trust Division, and vice-president, Lincoln Rochester Trust Company, Rochester, New York*, talking informally during the "get acquainted" hour. These men had an active part in the conference program and each acted as presiding officer at one of the sessions.

While presiding at the opening session, Mr. SELECMAN said that about six weeks ago he heard a speaker—a businessman—"hurl an indictment against 1,500 of his fellow-businessmen in the audience. In plain, blunt language he charged that 'businessmen work too hard and think too little.'"

"Perhaps one of the most valuable parts of a conference





PICTURES BY WEIMAN & LESTER

## Distinguished Speakers

like this is that they enable us to get away from the routine of our desks, to rub shoulders and gives us an opportunity to do some thinking for ourselves."

(4) GEORGE C. ROBINSON, *trust operations officer, Fidelity-Philadelphia Trust Company*, gave a talk on "Trust Department Expense Control," naming four essentials—cost accounting, activity control, a budget and strong management.

"The senior officer in the trust department should spend a generous part of his time and energy controlling expense," said Mr. ROBINSON. "This important function should not be relegated to his subconscious mind, but should receive continuous thoughtful consideration. This can best be accomplished by sharing his responsibility with others: the budget committee, the officers, and the supervisors."

(5) During the "get acquainted" hour groups of trust men, as in this photograph, renewed old acquaintances and made new friends.

(6) A. H. PARKER, JR., *assistant vice-president, Old Colony Trust Company, Boston*, who spoke on "Holding of Close Corporation Securities by Corporate Fiduciaries."

"It has been said by various people in the last few years that trust companies are missing out on a magnificent new field (management of small businesses left in trust) by not advertising widely their ability to cope with this problem and by not aggressively pursuing this kind of business," said Mr. PARKER. "Before doing so, I think we should ask ourselves whether we really have the organization and personnel required to do a good job in this most specialized field. . . . It is our feeling that until we are organized and ready to do a first-rate job, we should not advertise or solicit for this type of work."

(7) CARL W. FENNINGER, *vice-president, Provident Trust Company, Philadelphia*, who spoke on the development of "Common Trust Funds" during the past 10 years. He quoted \$300 million as the amount invested in common trust funds.

"The first thing that presents itself is that despite the fact that common trust funds were primarily designed to meet the needs of small and medium sized trust funds," Mr. FENNINGER said, "the development has been in the large centers and large companies and not in the small centers and small companies. In other words, these funds have accomplished to a substantial degree the purpose for which they were set up, in large centers and large trust companies, but have not done so except to a limited extent in smaller institutions."

(8) MAYO A. SHATTUCK, *Boston attorney*, discussed the legal responsibility of the trustee in carrying out the wishes of the creator of a trust. In his speech Mr. SHATTUCK said:

"Perfectly obviously we owe a positive duty to our grantors to make them sew down in writing, preferably in the trust instrument itself, a full exposition of their intentions. Do they mean that their trustees ought to spend everything upon the surviving widow if the trustees deem it necessary and proper in order to provide her comfortable maintenance, even to the point of cutting the enjoyment of the children substantially, and perhaps, of eliminating the ultimate remainderman entirely? If so, they must be urged to say so. The slow-moving law cannot be expected to imply any such intention. In particular, our grantors must express their ideas as fully as possible with relation to retention of the business, particularly if it is highly speculative. The law is extremely conservative in this area; and if investment powers are to be very broad, the instrument must so declare."

(9) DR. MARCUS NADLER, *professor of finance, New York University*, who spoke on "The Economic Outlook."

"While there are inflationary forces at work in the economy of the country," he said, "the deflationary forces are beginning to grow in strength; and it remains to be seen which of these forces will prevail in 1948. That the inflation will come to an end some day is quite certain. The longer the process lasts, the more difficult will the period of readjustment be and the longer its duration. It certainly would be to the interest of the country as a whole if the long-advertised and long-expected readjustment should occur this year and not be postponed; for while under these conditions it would be painful, it would not be very serious."

(10) FRANCIS E. WHITMER, *assistant vice-president, American Trust Com-*

*pany, San Francisco*, who talked about "Personnel Problems in the Trust Business." In part, he said:

"But there are other things besides the pay check which are getting attention these days. Let me suggest a few things about which employees are thinking critically. They are concerned about security, about pensions and retirement plans, group life insurance, group hospitalization plans which will include their families, about their environment and the people with whom they work, their supervisors and the quality of supervising they receive. They are thinking about the trust business in its relation to the economic life of our country, about the reputation of the institutions for which they work and their own individual places in it. They want recognition and credit for work well done. They want a fair and intelligent hearing, as well as prompt adjust-



Another group of trust men during the "get acquainted" hour

ment on merited complaints; and, should the occasion arise, they want understanding counsel on private, personal matters."

(11) THOMAS G. SPATES, *vice-president—Personnel Administration, General Foods Corporation, New York*. Mr. SPATES talked on "Leadership and Human Relations," listing "12 essential ingredients of sound personnel administration":

"The character and moral code of the business; good leadership committed in writing to high principles of administration and organization, rather than motivated by expediency and exploitation; the practice of consultation and explanation, both up and down, through all echelons of organization; the practice of keeping people informed; freedom for expression of points of view and attitudes without fear of reprisals; a total work environment that appeals to the self-respect and dignity of the individual; sympathetic consideration of people's trials and tribulations; steadiness and certainty of employment; a plan of promotional opportunity; equitable wage and salary structures that recognize differences in job and position requirements, as measured by such factors as knowledge, skill, difficulty and responsibility; a training program designed to help everyone perform, in the best known ways, the tasks that are assigned for the attainment of stated objectives; and recognition—in many ways—including some of the foregoing ingredients, but particularly through individual evaluation so that it may be said to each person on the payroll—he is prepared with what to go where."

(12) A. JAMES CASNER, *professor of law, Harvard University, Cambridge*, who spoke on "The Effects of Present Proposals Before Congress on Taxation of Trusts."

In analyzing the Treasury Department's proposal for the integration of estate and gift taxes and for their correlation with the income tax, Mr. CASNER predicted that should this proposal

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# Countermeasures for "Morning Glory" Bandits

*Reprinted from the Bulletin of the Insurance and Protective Committee of the American Bankers Association.*

**I**n a southern city, a bank holdup was recently staged by four gunmen and the driver of the getaway car. The loot amounted to \$114,600. They entered the bank before the opening hour by following closely behind an employee and forcing their way past the guard stationed inside the door.

It was reported that neighbors noticed nothing out of the ordinary, and that fact indicates how well the holdup was carried out according to plan.

Within a few hours after the robbery, local police, acting on a tip from a friendly informer, arrested three of the bandits and recovered about \$65,000. Another participant was arrested in Chicago. Two more suspects are being sought in connection with this crime.

Several countermeasures can be employed by every bank regardless of size and location, but in the main the matter of guarding against these "morning-glory" bandits is largely a local prob-

lem. Protection depends upon population, police power, the number on a bank's staff, the time of opening the bank, the time of arrival of the employees, etc.

In the early Thirties, the peak years of bank robbery, several countermeasures found favor with banks and they are still worth considering.

**O**NE of these is to set the timelock on the safe containing the securities and cash (except cash needed during the first hour or two of the following day), so that it will not release the locking mechanism until 10 A.M. at the earliest.

Another idea is to appoint and alternate one or more employees to reach the vicinity of the bank a few minutes before opening hours and take designated positions outside but near the bank. Upon arrival of the bank officer assigned to open the door, a greeting shall pass if he is accompanied by friends, but if in custody of criminals, no recognition would be displayed. In the latter instance, the police should be immediately notified.

Another plan favored by police in Wisconsin in the bad years of bank robbery was to have one employee enter, make a complete search of the premises, then come outside and stand across the street, away from strangers or occupants of autos. Such a procedure would be much safer for the individual and would avoid successive holdup of employees. If the employee designated for duty that day does not appear at the predetermined spot at the hour set, suspicion is automatically aroused that all is not well within the bank. In that event, employees on the outside should stay there and immediately summon police authorities.

Under the plan selected or devised, the signal should be so arranged that it can be given only after the first to arrive has been obliged to go through and inspect the whole bank. And above all, the signal should be visible to interested personnel but not conspicuous to the point of engaging the curiosity of passers-by and neighbors who may be unable to appreciate its importance and value as a protective measure.

More than 91,000,000 people will be told this year—through our national advertising in leading magazines—about the double advantage of carrying safe, spendable National City Bank Travelers Checks.

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## World Business

(CONTINUED FROM PAGE 45)

### The Fund and the BIS

Although the Bretton Woods Conference of 1944 "resolved" that the Bank for International Settlements should be liquidated as soon as possible, the BIS seems to have taken on a new lease of life, and that at the expense of the very Fund created by Bretton Woods. In January the BIS, whose head is Maurice Frere of the Belgian National Bank, issued a report on the first multilateral compensation of debts, held at the BIS in accordance with the Agreement signed in Paris in November by the Benelux countries, France and Italy.

When Benelux, during the conference of the 16 countries in Paris last Summer, first proposed such a clearing arrangement calling for a large sum of American dollars, it appeared that what was being asked was the creation of a European "International Monetary Fund." The United States did not go for the dollar feature of the plan, and when the financial committee of the 16 governments subsequently met in London the British sought to kill the idea. The Fund was represented by Mr. Gutt at the Paris talks, and by others at London.

Despite the cold reception to the Benelux proposal, Benelux, France and Italy decided to try out the plan—without American financial support—and held another meeting in Paris in November. The Fund apparently thought that by boycotting the meeting it could kill off the project for a competing European "Fund." Be that as it may, at the November Paris meeting the multilateral compensation project with the BIS as the bookkeeper was agreed upon. The first meeting occurred in Basel in January, in the presence of observers from the United States and the Fund and Bank.

### NAC to Appraise Fund and Bank

There is a statutory requirement that the NAC not later than two years after the establishment of the Fund and Bank—namely, by early May 1948—report to the Congress on the extent to which those institutions have achieved the purposes for which they were established. The NAC must also recommend whether the resources of Fund and Bank should be increased or decreased. This responsibility may test NAC's ingenuity. The Fund, owing both to the great forces with which it has had

to cope and to the idealistic assumptions of its authors, has no achievements to record. In the unlikely contingency that the NAC's first biennial report on the Fund should describe that institution as ineffective, the days of the Fund would be numbered. Fortunately for the Fund, outside of government circles very little is known concerning what transpires in the meetings of the executive directors.

### World Bank Studying Investment Problems

The research department of the World Bank has under way a study of foreign investment, both private and government. The Bank wants to know all that can be learned as to the causes of defaults, factors affecting private flow of capital into foreign securities and direct investments, the effects of laws on foreign investments, and the like. Many private studies and government monographs are available on this subject. The Bank, it may be assumed, desires to have a complete dossier on this subject.

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considerable fraction of world commerce will be flowing through Washington in the years immediately ahead; not through Union Station, of course, but by paper proxy through the government bureaus concerned, notably the Export Control Branch of the Commerce Department's Office of International Trade.

That branch, which has had various renewals of life since it was "temporarily" created under another name at the beginning of this decade, has been rolling up its sleeves and getting to work under the new lease on life given it during the special session of Congress last year. The Export Control Branch is said to have been going along pretty much on its own, without too much attention to the OIT bosses across the way in the main building of Commerce. OIT got the idea that when the ERP is set up the ERP administrator might wish to take over Export Control bodily. To prevent any such calamity, it is said, OIT decided to move Export Control bodily into the main building and to intermesh so thoroughly its personnel with other OIT personnel as to make Export Control's detachment very unlikely.

Today many of the rooms are empty, echoing your footsteps as you pace your lonely way down the halls. But in some of the offices there are distinct signs of activity, almost bustle.

There are in Washington, it is said, hundreds of persons who one time or another do business with Export Control. Some are lawyers, although there seems to be nothing about the work that requires legal knowledge. Others are just Washingtonians, cashing in on their presence in Washington.

## Manufacturers Trust Plans Annual Ski Meet

THE Manufacturers Trust Company of New York will be hosts to about 300 New England bank employees from about 50 banks during its eighth annual inter-bank ski meet at North Conway, New Hampshire, March 5-7. Employees Michael J. Nicolais and Joseph A. Beisler will manage the meet for the bank.

A committee of employees, headed by President Harvey D. Gibson, will act as hosts to the bank's skiing guests. In addition to the Birchmont Club, the bank's year-around employee resort center, the facilities of a number of neighboring inns have been reserved to accommodate the visitors.

The ski racing events will be held on Saturday, March 6, on the slopes of Cranmore Mountain, home of the ski-mobile, one of several projects developed at North Conway by Mr. Gibson, who was born here and who spends considerable time at his North Conway home.

A gala supper dance on Saturday evening given by the Manufacturers Trust at the Birchmont Club for its bank guests will climax the ski meet. President Gibson will award trophies during the evening to the winners in the various races, including Class A and B Slalom Races for men and women and downhill races.

Hannes Schneider, one of the world's foremost skiing instructors, will again advise the racing committee and will personally lay out the courses.

*Pictures from Manufacturers' 1947 Inter-Bank Ski Meet*



Officials at the finish line



Mr. Gibson awarding first prize to Edward Spicer, Jr., of Providence National Bank



The king kissing the queen

### *New York Chapter, A.I.B. Honors W. Randolph Burgess*

W. Randolph Burgess, vice-chairman of the board, The National City Bank of New York, was honored by New York Chapter of the American Institute of Banking at its annual banquet on February 7 with the chapter's honorary membership award for distinguished service. Below, Dr. Burgess receiving the award from Chapter President William S. Vanek, of the Manufacturers Trust Company. Also shown in the picture, from left to right, Dr. Harold Stonier, executive manager, American Bankers Association, who was the guest speaker of the evening; Garnett Carter, A. I. B. president, of Atlanta; and Evans Woolen, Jr., A. B. A. vice-president, of Indianapolis



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20% of the people circularized in our first mailing called for the booklets. We are gratified.

We have already received several pieces of new trust business that we can trace directly to this advertising program.

There is no substitute for personal solicitation in developing trust business. But a carefully planned advertising program can help.

May we demonstrate how a reasonable investment can bring increasingly satisfactory results for your trust department?

Write for complete information.

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## Banking Today in Japan

(CONTINUED FROM PAGE 50)

(10) A report on the amount repaid in blocked money and the amount repaid in cash from blocked deposits of all banks in the country, every 10 days.

(11) A report on the amount of loans in blocked money and loans in cash made by all banks, every 10 days.

(12) A report on the balance of deposits of all banks in Japan, classified as to blocked and new accounts, every 10 days.

(13) An index of commodity prices and a report on the actual price indices of consumer and capital goods, monthly.

As can be gathered from the above, the tabulation of these reports keeps the economic research and the statistical departments of the bank fairly busy at all times.

The Bank of Japan is presided over by a governor, appointed by the Ministry of Finance. The present governor, Hisato Ichimada, a youngish looking man of 55 years, was appointed to his position in June 1946, at a salary of ¥120,000 per annum, and, according to Japanese financial circles, is doing an outstanding job. Expressed at the military conversion rate of ¥50 to \$1 (United States), he is discharging his duties for apparently the equivalent of \$2,400 a year. However, with his comparatively greater purchasing power, this is a fairly comfortable income for present-day Japan. With a vice-governor and a board of seven directors, he is responsible for the supervision of some 1,079 so-called "regular clerks" and some 1,234 female clerks in the head office in Tokyo, plus 1,471 and 1,835 respectively in the 27 branches scattered throughout Japan, making a total number of 5,629 clerks and minor department heads altogether. The average salary of a regular clerk is ¥3,300 per month, or, expressed in U. S. dollar equivalent, \$66. The amount of salary receives is based on number of years' service with the bank and the number of persons in the clerk's family depending on him for support; and, peculiar to Tokyo, allowances in salary are made to offset the wide variance in food prices prevalent in the separate districts in which the employees reside. Incidentally, business hours correspond to most American banks, 9:00 to 3:00 during the week, and 9:00 to 12:00 on Saturday, with an annual 14-day vacation for all employees.

### Even Music While They Work

The 19 departments of the bank, closely corresponding to the type of departments found in most large commercial banks in the United States, hold numerous meetings to study various financial and economic problems, show films, both educational and entertaining, study dramatics and hold athletic meets. A recent innovation has been a program whereby several departments have been equipped with loud speakers which give forth with Brahms and Beethoven all afternoon.

In summarizing it should be emphasized that Japanese financial institutions are faced with a tremendous task in the rebuilding of a new Japan. With the revival of world trade the future of Japanese economy will depend to a large degree upon the ability of financial institutions to re-establish and improve upon certain business relationships and procedures.

It must be pointed out here that many of the banking policies and figures as presented herein are constantly undergoing change, moving along with the progress of the occupation, with the Economic and Scientific Section of General MacArthur's Command constantly on the alert to remove all practices and features in the system which might in any way be detrimental to the building of this new democracy.



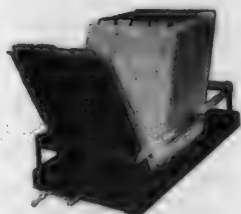
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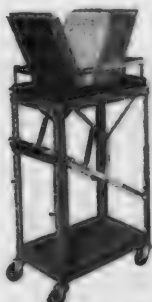
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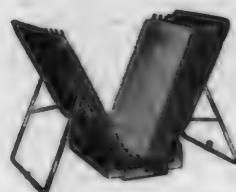


LeFebure Hi-Lo Stand (Hi-Position).

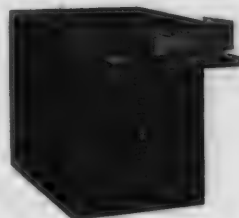
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## News Exchange

(CONTINUED FROM PAGE 52)

bank has within its own institution a large potential of instalment loans if its own customers know the service is offered."

### Posters, Direct Mail, Bus Advertising Effective

WE HAVE used bus advertising consistently since we started the (consumer credit) department and believe it has been fairly effective," the FIRST NATIONAL BANK in Wichita, Kansas, has reported. "For about a year, we also used classified advertising, but were not able to convince ourselves that we were getting our dollars worth out of this type of advertising. We now use it only periodically.

"We have used A.B.A. folders of various types with our statements each month and believe it has been a cheap and valuable method of advertising. We also have a poster display, neon-lighted, in our lobby. The posters are changed each week, have colored photographs on them and stress various types of loans which may be obtained through our personal loan department. These posters are very effective."

Recently, the bank tried two other types of advertising. One of these is small poster billboards located throughout the city. The copy is changed every two months. The other type is a direct mail campaign on FHA repair and improvement loans. A thousand names were selected in middle-class residential areas—all of them home owners. A series of six letters, two months apart, are sent to these names, stressing various types of home improvements. Letters are signed by the personal loan department manager and are very informal in nature. Included with each letter is also a folder advertising some other type of loan service which may be obtained through this department. The bank has obtained more than enough loans through two mailings to pay for the expense. It is, of course, easier to trace the results on direct mail than on almost any other type of advertising.

The bank has been using the slogan "First Loans First" on all of its advertising in the same type of script. It also has a neon sign on the main street just outside the department carrying the slogan.

"We believe the slogan is becoming identified with our bank," the letter says, "and we expect to continue repeating it on any type of advertising we issue."

### Lobby Display Since 1945

TO supplement active personal solicitation of dealers," says the ELMIRA BANK & TRUST COMPANY, Elmira, New York,

"we decided to use our lobby to display home appliances, with the four-fold purpose of (1) appealing to the curiosity of our customers to see the new electrical home conveniences, (2) interesting those customers in our Midland time plan, (3) cementing our friendship with the distributor by giving him a busy place to display his wares, and most particularly (4) helping the dealer sell his product by giving him our lobby as an added show room—and thereby warming his friendship for the Midland time plan.

"A display background was built in the corner of our front lobby and extended for 30 feet along one wall. It is about seven feet high and surmounted with a valance in which is fluorescent lighting.

"Distributors were invited to use the space with the understanding that they were to make the public acquainted with their local dealers either by listing their names on a poster in the display or by having for distribution mimeographed pages with the names and addresses of all dealers. The first display was put in in December 1945 and for the first three months the space was used by a succession of distributors for four weeks each. The displays were well prepared and well received—perhaps too well as comparatively little merchandise was then available.

"The display space has been in constant use since it was built, although during most of the time we have alternated appliance distributors' displays with other exhibitors—particularly community groups—to maintain some degree of novelty. The display idea has been a goodwill builder and we are told by our consumer credit field man that it has helped materially in opening new accounts. However, we believe that it has now served its purpose so far as distributors' displays are concerned since the novelty of new home appliances has pretty much worn off, so that this type of display is to be discontinued shortly. Since displays by community groups continue to have a broad and sympathetic public interest, we will continue them."

### Merchandising

SINCE rates as between various lending agencies in this community have leveled off to a non-competitive basis, we believe that the bulk of our direct and indirect business in the consumer credit field is largely influenced by the free life insurance protection which we feature in presenting our services to the community," writes THE NATIONAL COMMERCIAL BANK AND TRUST COMPANY of Albany, New York. . . . Twice a year, the KANABEC STATE BANK, Mora, Minnesota, invites dealers in automobiles, machinery, electrical appliances, etc., to attend a dinner for discussion of advertising, terms, and other problems of mutual interest. The meetings are very helpful in creating additional volume.

Lobby displays of the Elmira Bank & Trust Company, Elmira, New York



# New Books

## The F. R. S.

THE FEDERAL RESERVE SYSTEM: ITS PURPOSES AND FUNCTIONS. 117 pp.

PUBLISHED by the System's Board of Governors, this little volume is a revision of the 1939 edition and brings that text up to date. It is concerned chiefly with the System's peacetime responsibilities and operations. Its wartime functions are covered in one chapter.

The book explains that the Federal Reserve is "the product of constant adaptation to changing conditions" and that today it has to deal with "monetary problems that are far different from those that occasioned its establishment." The war financing "left the country in possession of a supply of money far greater than needed in peacetime and potentially inflationary in its influence." Also, the "size and distribution of the public debt greatly complicate the task of regulating the money supply."

Established when "the monetary problem was one of scarcity and rigid limitation on expansion," the System "has come to operate in an era when the problem is instead one of superabundance and of rigidities in the way of contraction."

## Good Credit Letters

HOW TO WRITE GOOD CREDIT LETTERS. By *William H. Butterfield*. National Retail Credit Men's Association, St. Louis. 122 pp. \$2.25.

THIS is the 13th book on the subject of business letter writing by Mr. Butterfield, who is now educational director of the credit association. As always, he writes clearly and practically, analyzing the fundamentals of good letter writing, illustrating specific types of credit correspondence, and giving examples of correct letter layout.

"Letters," says Mr. Butterfield (he has written on his favorite subject for BANKING), "have become one of the vital instruments of retail public relations"—and also, it would seem, to business public relations in general. This looks like a handy book to have around.

## Taxes

MONTGOMERY'S FEDERAL TAXES—ESTATES, GIFTS AND TRUSTS, 1947-48. By *Robert H. Montgomery* and *James O.*

*Wynn*. Ronald Press, N. Y. 970 pp. \$10.

IN a preface to the current annual, Mr. Montgomery says it seems reasonable to expect a revised tax law by the middle of this year. He's not concerned about rates; he wants simplification.

"I want," he asserts, "revenue agents to do constructive work by spending less time over honest taxpayers and more time over dishonest ones. The

time of hundreds of revenue agents can be saved by injecting a little common sense into the depreciation sections. . . . The clearing up of wholly unnecessary details in certain sections of the law will result in reduced expenditures for courts, revenue agents and similar costs of litigations and examinations."

The book is an analysis of Internal Revenue Code provisions on estates and trusts.



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from the dispatch of routine business to handling the biggest loans.

You'll like the speed of our 24-hour-a-day service on transit items, our heavy use of air mail for check collections, the special consideration we give your banking affairs. Drop us a line at our 15th and Chestnut Streets office and we'll tell you more about the ways we can help you. Or, better still, stop in and see us next time you're in town. We like to have our Correspondents use our offices as their own while they're here.

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**for Banking and Trusts**

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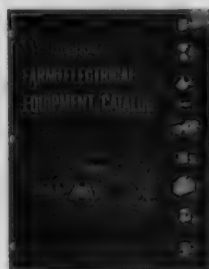
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## Business Aids

EACH month this column will list recent acquisitions of manufacturers' literature which will supplement the material indexed in 1947 by the A.B.A. Small Business Credit Commission.



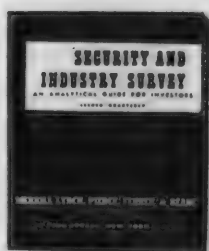
**AGRICULTURAL—**  
"Farm Electrical Equipment," a catalog of 48 pages illustrated to show the relation of electricity to improved production and better living. Available free to banks and electrical contractors from *Westinghouse Electric Corporation, G. B.*

*Varner, 511 Wood Street, Pittsburgh 30, Pennsylvania.*



**"Pest Control Guide."**  
Thirty-six pages of valuable information for farmers, orchardists, nurserymen and others, with illustrations and tables listing products suggested for control of plant and livestock insects, plant diseases and weeds. "As complete as contemporary knowledge and experience

can make it." Address: *E. I. du Pont de Nemours & Co., Inc., R. H. Rumler, Grasselli Chemicals Dept., Wilmington 98, Delaware.*



**"SECURITY AND INDUSTRY SURVEY".** This 48-page quarterly publication includes a considerable amount of very constructive comment on investments and business. Classified by industry with charts and tables listing the leading stocks recommended for long-term, income and appreciation.

The February issue is now available. Address: *Merrill Lynch, Pierce, Fenner & Beane, Inc., 70 Pine Street, New York 5, New York.*

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## EDITORIAL

# THE CONDITION OF BUSINESS

By WILLIAM R. KUHN

**The Outlook.** Whatever else the next few months may have in store for business in the nature of pleasant or unpleasant surprises, the period between now and November offers an unusually fine opportunity for business to tell its story to the public.

It should be possible to do a much better job of public education in this respect than has been done in the past. Certainly, for a number of reasons, there has never been a better time in which to do it.

All that stands between U. S. business and what might easily develop into a period of unprecedented expansion are several big, unanswered questions and they are all deeply embedded in politics. In other words, public opinion will determine finally how these questions are answered:

**Questions.** What will happen in this political year to taxes, wages, foreign aid and the national debt?

Will taxes be corrected so as to give encouragement to venture capital so essential to future expansion of production? Without the assurance of an expanding output we lose our best defense against inflation.

What will happen to the wage-boosting efforts planned in the coming months in many industries, including steel and rubber, mining, packing, motors and radio? Will company earnings be squeezed to a point where investment is discouraged?

Will foreign aid be handled in a productive way or be used chiefly as an instrument of international politics?

Will the national debt and money rates be managed in a way that will assure ample bank credit for productive purposes and encourage saving?

If the long predicted recession, pause, breather, or whatever it is called, should develop in the next few months there would be all the more reason why business should speak to the public through every effective medium of advertising and public information.

**Favorable Climate.** Thinking on economic matters in this country today is probably sounder than at any time since the beginning of the great depression. People with their feet on the ground are at least more articulate today than during those years of marvelous nonsense when an economic idea could get attention only by standing on its head. Also the public seems more ready to listen to common sense on the anatomy of prosperity and why people engage in business.

There have been many efforts at the sort of public education just indicated. But timing is important and some were undertaken in periods when no amount of advertising or educational effort could penetrate the intellectual fog. Other attempts at fact dispensing were badly planned and for various reasons failed.

How to do this job is a question that has had the attention of the best public opinion experts in this country, which means the best in the world. The usual method has been to make generous use of advertising space under the name of some business group, although there are good reasons to doubt the effectiveness of this kind of anonymity. By its very nature it lacks something of the force and quality that can be put into a message from an individual institution on a specific subject.

**Annual Reports.** Much progress has been made recently in the use of stockholders' reports for this purpose, although stockholders are a very limited group and for the most part they already have an understanding of what makes business go.

Also an increasing number of concerns are reporting in various ways to their employees on the state of the business. Neither of these methods of reporting, however, reaches the broader public.

Lately a number of institutions, including some banks, have carried their reports one step farther by presenting them, in suitable form, directly to the public. Following are several random examples out of many:

The First National Bank of Meadville, Pennsylvania, for example, uses a local newspaper page to present its "Report of Progress" to the public. In addition to the figures on the bank's assets and liabilities the ad contains pictures of the bank's officers and department heads, with a brief statement from each one.

This bank, too, tells the Meadville story to the bankers of America through advertisements in various banking publications. Then, to complete the picture, it uses additional newspaper space to tell the local townsfolk the whole story as to how the bank is telling the world about Meadville.

The Schenectady Savings Bank advertises its statement of condition in special form, using local newspaper space. In addition to "The Financial Side" of the picture this bank publishes what they call "The Human Side," emphasizing the services rendered the public and identifying the bank with the growth of the community.

The Burlington Savings Bank in Burlington, Vermont, takes this process one step farther. It uses radio to broadcast to the public its annual meeting each year, using a newspaper page to announce it and invite listeners.

The ad states: "This Bank was the first in this country, and probably anywhere in the world, to admit the public to its annual meetings by means of radio broadcasts. For those who are unable to listen in at 10:25 this forenoon, the address will be rebroadcast at 10:30 P.M. over WCAX and again at 9:30 this evening over WJOY. This is in line with the policy of this old bank of taking the mystery out of banking."



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